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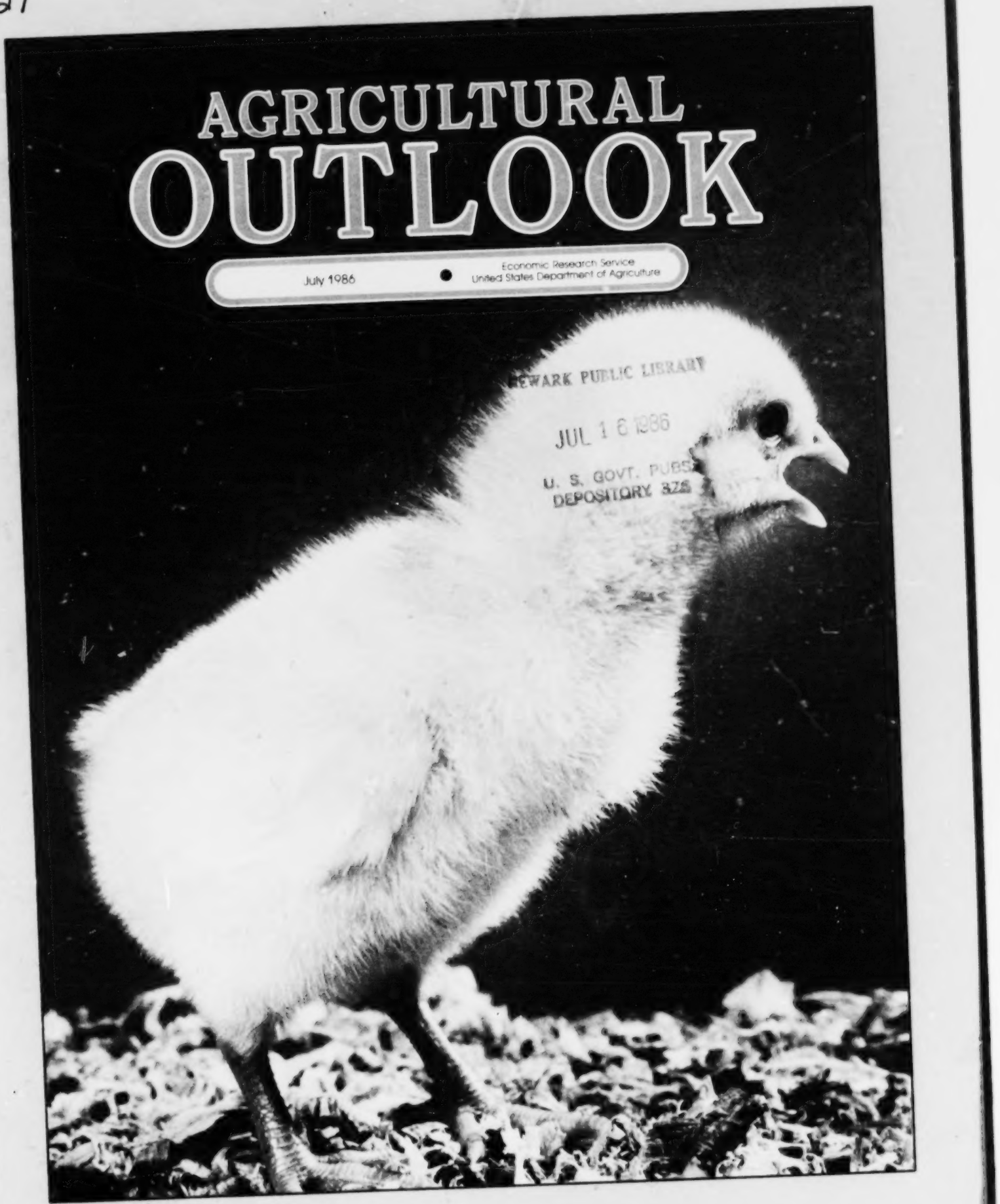
AGRICULTURAL OUTLOOK

July 1986 • Economic Research Service
United States Department of Agriculture



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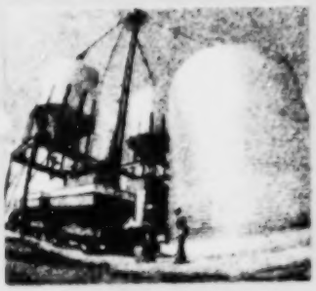

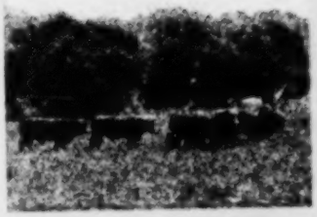

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In Brief. . . News of Farm Labor, Exports by Region, Produce Shipping

The number of U.S. farm operators and unpaid family workers declined about 5.5 percent during the year ending in April 1986, continuing the long-term drop in farm employment. Farm family employment declined more than hired employment, as hired workers were substituted for family workers.

Growing conditions from planting through early growth were good this year for major U.S. field crops in most regions. With a few exceptions, crop progress through late May was ahead of normal. Unusually wet conditions in the upper Corn Belt and Dakotas slowed planting and threatened crop development there. But, improved weather in these areas during late May and early June allowed farmers to complete most plantings and crops to grow.

In the Southeast, below-normal soil moisture just before and during planting dominated crop development this spring. However, dry weather through early June in the South Atlantic Coast States received more attention, as winter wheat matured and spring crops emerged and began to grow. Bad conditions in these regions, though, were offset by very favorable soil moisture in most of the Midwest and Plains through early June.

Reduced acreage and less-than-favorable weather have cut winter wheat production prospects. A smaller winter wheat harvest may bring total 1986 wheat output to about 2.2 billion bushels, compared with last season's 2.4 billion. But, the new crop plus the record carryover will still put 1986/87 wheat supplies at a record 4.03 billion bushels.

U.S. feed grain production is expected to fall about 15 percent in 1986/87, to 235 million metric tons, while exports and domestic use together may rise 6 percent to 217 million. Nevertheless, feed grain ending stocks will probably mount to nearly four times what they were at the end of 1983/84. This means grain and soybean storage could be tight during harvest.

Palm oil has emerged as a major competitor in world vegetable oil markets during the past decade. Malaysia is the main producer, and since its domestic use is negligible, most output is exported. Palm oil's low production costs make it a strong competitor for soybean oil, and Malaysia has the additional advantage of proximity to its palm markets.

U.S. vegetable growers are reducing 1986 acreage and hoping for improved second-half prices. Based on winter- and spring-season estimates of fresh-market harvest area and processors' contract intentions, 1986 acreage could be down 4 percent from 1985. This is a response to low fresh-market prices during spring 1985 and winter 1986.

Hog prices averaged $47 per cwt at the 7 markets in May, up $7 from April. The price rally was due to declining slaughter rates, sharply lower year-over-year frozen pork stocks, and smaller imports of pork products and live hogs.

Further processing of broilers is increasing because processors can convert low-valued parts into higher priced products such as patties and nuggets. Producer-processors also have a strong market for chicken breast meat; breast prices are now almost double the price of whole birds. This trend reflects the addition of many new processed breast meat entrees, especially in fast food restaurants.

Transportation should be readily available for this summer's fresh fruit and vegetables. Trucks will remain in good supply and account for over 86 percent of all overland fruit/vegetable shipments. Trucks offer produce marketers faster service and more direct routes than competing modes.

U.S. agricultural exports during fiscal 1986 are now forecast at $27.5 billion, 12 percent below 1985. While lower prices for major commodities account for some of the decline, expected drops in grain and cotton shipments are more important. Export volume during 1986 is forecast at 115.5 million tons, about 10 million below 1985.

Spain and Portugal became members of the EC this year. Their transition to the EC's Common Agricultural Policy began on March 1. U.S. agricultural exports to the two countries may decline because of the adoption of CAP provisions.

The Soviet Union recently announced policy and organizational changes aimed at improving farm productivity and reducing reliance on imports. Even a modest increase in Soviet grain production could trim the USSR's grain import needs substantially. If Soviet grain output reaches 220 million metric tons by 1990, and per capita meat consumption remains at 65 kilograms a year, grain import needs could drop by nearly 65 percent. However, imports could remain high even with better domestic output if the state decides to raise per capita meat consumption.

Agricultural Economy

The number of U.S. farm operators and unpaid family workers declined about 5.5 percent during the year ending in April 1986, continuing the long-term drop in farm employment. Between 1950 and 1985, annual average employment tumbled from about 10 million people to slightly under 3 million.

Also, farm family employment (operator and unpaid workers) declined more than hired employment, as hired workers were substituted for family workers. In 1950, hired workers comprised about 23 percent of total farm employment. By 1985, the proportion had increased to 35 percent.

Family Workers Still Declining

The rate of decline in farm employment was much greater in the 1950's and 1960's than it has been since. In fact, the number of hired workers stabilized in the 1970's.

But, farm family employment continues to drop. Between 1974 and 1981, family employment declined about 4 percent per year, but there was not a significant change in the number of hired workers employed. Incomplete data since 1981 suggest trends similar to those from 1974 to 1981. Hours worked by hired workers since 1981 may have declined slightly from 1974-81.

The ratio of hired workers to family workers varies widely among States. In 1985, for example, hired employment comprised about 75 percent of total farm employment in California and Florida, but averaged only 22 percent for the Corn Belt. Variation comes from differences in types of agriculture and sizes of farms.

Average per-farm expenditures for hired labor on fruit and vegetable farms was about $40,000 in 1982. Fruit and vegetable farms are predominantly in California and Florida. In contrast, the average labor expenditures per cash grain and livestock farm — typical of the Corn Belt — were only $4,000 to $6,000.

Large Farms Raise Labor Needs

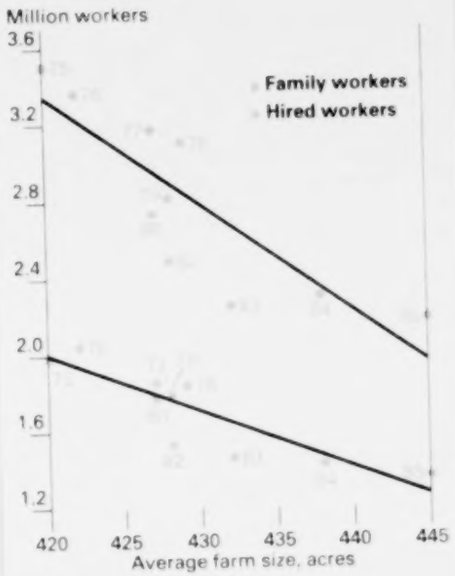
Labor requirements in agriculture have decreased over the long term. Productivity per worker has increased because of mechanization and improvements in other farm production technologies, such as higher yielding crops. Also, less family labor is needed today because there are fewer farms.

However, the amount of hired labor used on some farms has climbed as family labor has declined, and increases in average farm size have raised the need for hired labor. Farm expenditures for hired and contract labor, adjusted for inflation, increased only 2 percent between 1974 and 1982. Yet there was a substantial increase in labor expenditures on farms with annual sales of $500,000 and more. These farms made about 37 percent of the total labor expenditures on all farms in 1974, and nearly 47 percent in 1982.

Recent farm financial problems apparently have had little impact on farm employment. Since 1981, the greatest percentage declines in farm employment have occurred in the Northeast, Appalachia, the Southeast, and Florida. However, land values in those States either appreciated between 1981 and 1986 or fell less than the 27-percent national average. The percentage decline in farm employment in the rest of the country since 1981 has been less than half the average decline in the East Coast and Appalachia, yet land values in the Midwest, Lake States, and Mountain States have fallen as much as three times the national average.

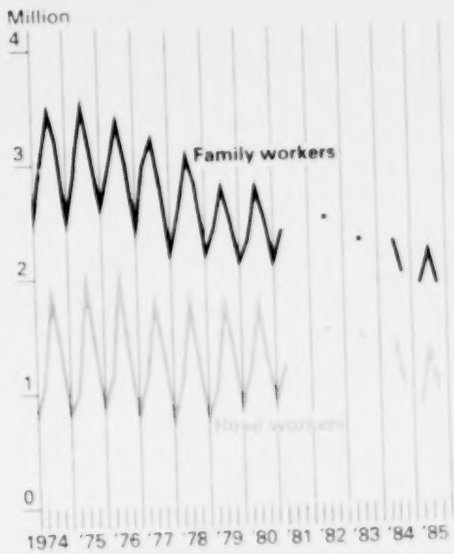
The factors which have determined long-term trends in farm employment appear to be also shaping current employment. The mechanization of farm

As Farm Size Increases, Labor Needs Fall



No data available for 1981

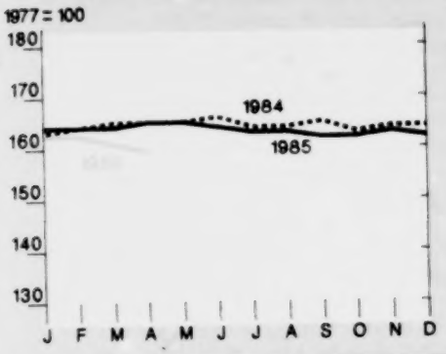
Number of Family Workers on Farms Trending Down



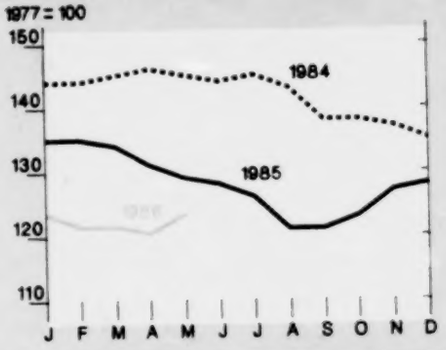
Data missing for several quarters during 1981-1985.

Prime Indicators of the U.S. Agricultural Economy

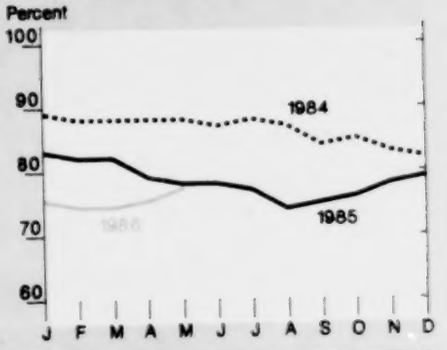
Index of prices paid by farmers[1]



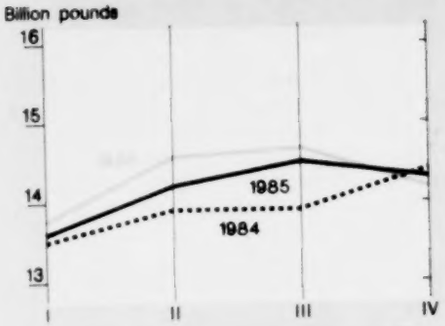
Index of prices received by farmers[2]



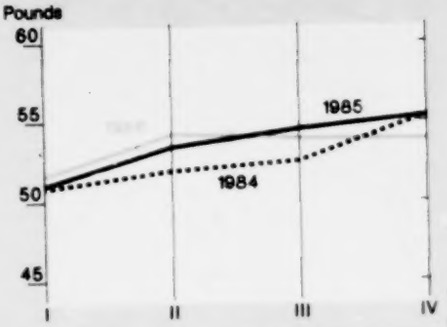
Ratio of prices received to prices paid



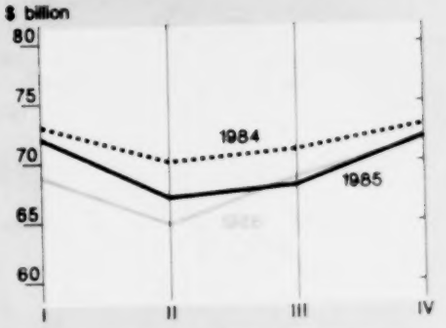
Red meat & poultry[3] production



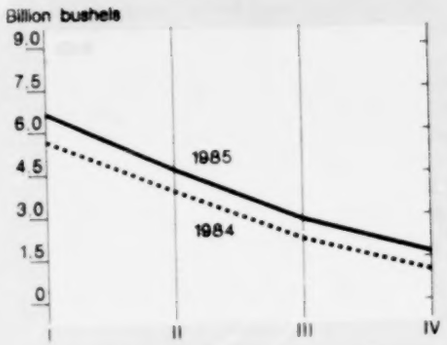
Red meat & poultry consumption, per capita[3,4]



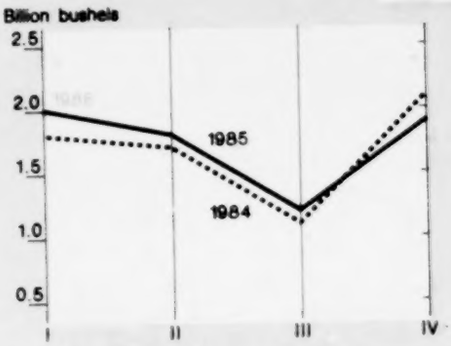
Cash receipts from livestock & products[5]



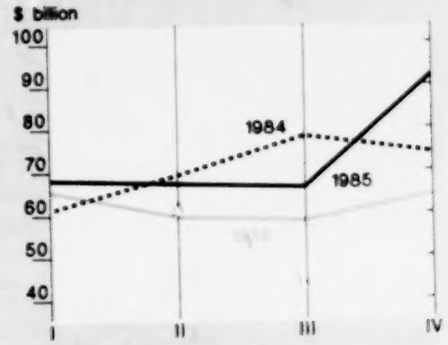
Corn beginning stocks[6]



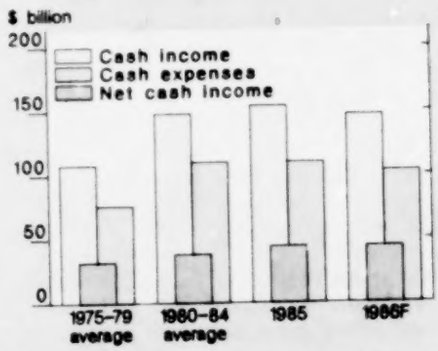
Corn disappearance[6]



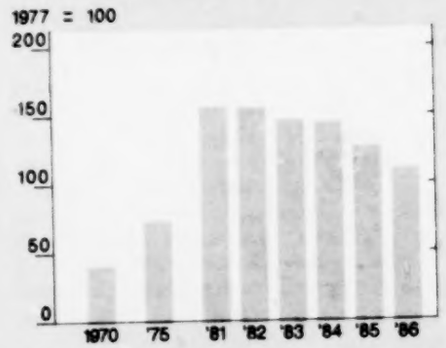
Cash receipts from crops[5]



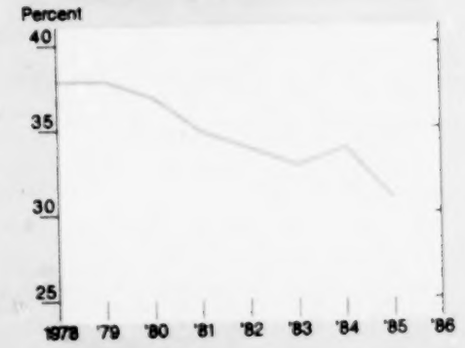
Farm net cash income



Farm real estate values



Farm value/retail food costs



[1]For commodities and services, interest, taxes, and wages. Beginning in 1986, data are only available quarterly. [2]For all farm products.
[3]Calendar quarters. Future quarters are forecast for three livestock charts. [4]Retail weight. [5]Seasonally adjusted annual rate.
I = Dec.–Feb.; II = Mar.–May; III = June–Aug.; IV = Sept.–Nov.

What Different Types of Farms Spent on Hired Labor in 1982

Type of farm	Number of farms	Average sales per farm	Average spending per farm for hired & contract labor
	Number	Dollars	
Cash grain	226,925	97,410	5,919
Field crop, except cash grain	129,982	69,560	9,365
Vegetable, melon, fruit and tree nut, & horticultural speciality	87,885	145,057	39,611
Beef cattle, hog, sheep, & goat	311,475	96,513	4,393
Dairy	105,544	137,383	10,575
Poultry & egg	19,500	387,077	20,905
General crop & animal, & animal speciality	59,269	81,592	10,313
All farms	940,580	107,210	10,148

How Hired Labor Spending Is Distributed Among Farms

Sales class of farms	1974*	1978*	1982
		Percent	
Less than $100,000	28.5	23.1	18.5
$100,000 to $499,999	34.3	35.8	34.8
$500,000 and more	37.2	41.1	46.7
Total	100.0	100.0	100.0

*Calculations for 1974 and 1978 are based on data adjusted to 1982 dollars.

production progressed rapidly in the 1950's and 1960's, causing large declines in labor requirements. Since then, mechanization has slowed considerably. However, mechanization has not occurred evenly across commodity groups.

The mechanization of fruit and vegetable harvesting is far from complete, and much seasonal labor is still required in production. The demand for labor-intensive commodities, including fresh fruits and vegetables, and the speed at which the harvest of these crops is mechanized will have important effects on future employment in agriculture. [*Robert Coltrane (202) 786-1932 and Terry Townsend (202) 786-3313*]

LIVESTOCK HIGHLIGHTS

Cattle

In late May, USDA released figures showing when farmers in the Dairy Termination Program (DTP) will slaughter their herds. As expected, 67 percent of the cows in the program are to be slaughtered in the first period — April through August. Nearly half (287,000) of the first period's cows were probably slaughtered by the end of May.

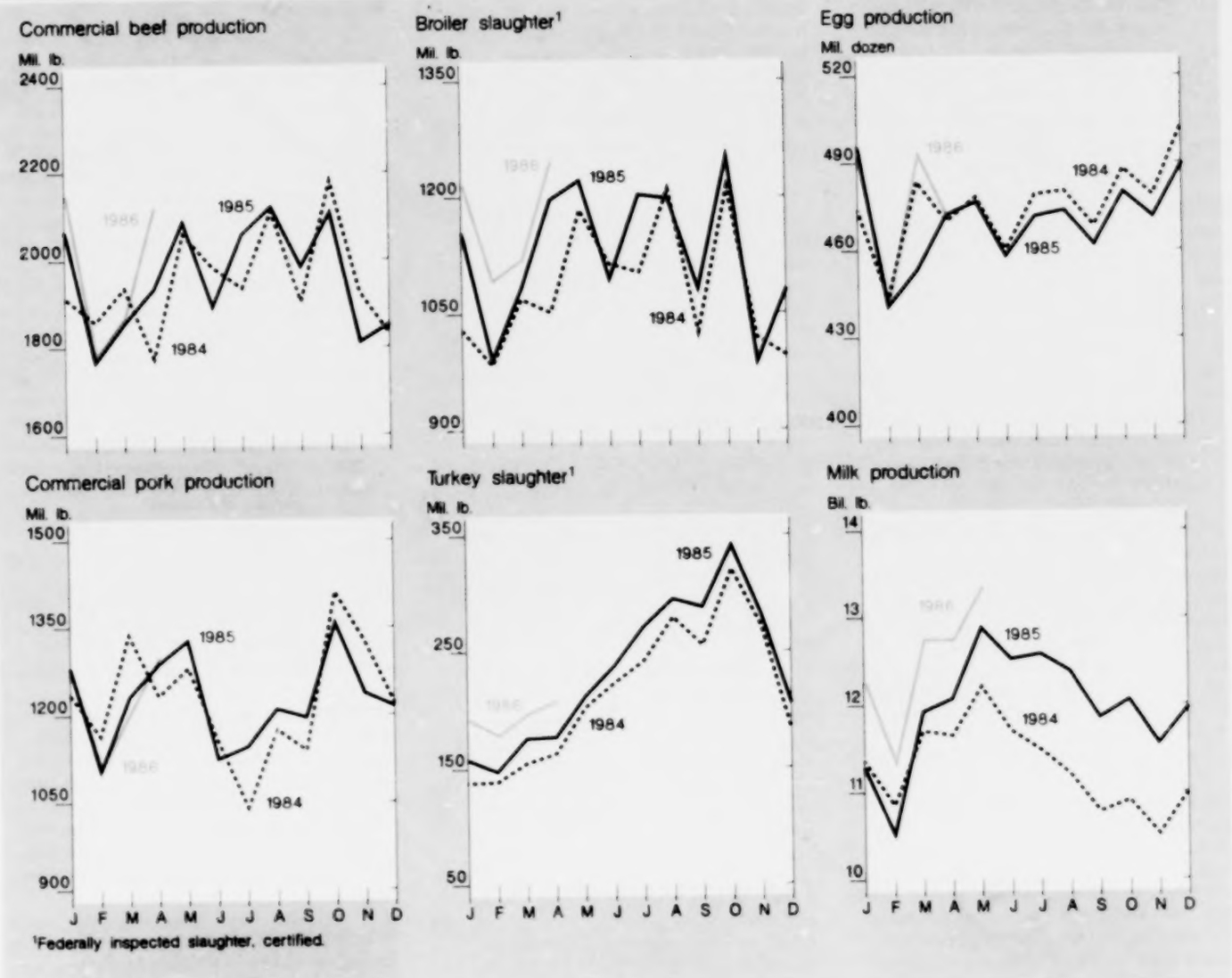
Slaughter of DTP heifers and calves is following a similar pattern. Slaughter should rise again in July-August as the first period closes. August slaughter is expected to be about 70 percent of the high April level. However, on June 13, USDA announced that producers holding contracts for disposal of 157,000 cattle during the first period have requested a later disposal period.

The slaughter rate will be lower for the rest of the program, with a slight increase in August 1987, the last month of the DTP. Nonparticipating dairy farmers will probably attempt to cull before or somewhat after August 1986. Through June 9, USDA purchased 183.9 million pounds of beef under the DTP, worth $142.6 million.

Continued heavy fed cattle slaughter weights and the likelihood of faster marketings of cattle placed on feed in early spring should boost third-quarter beef production. Many of these cattle were placed on feed at heavier-than-normal weights and in fleshier condition, which means more will be marketed in early to midsummer. Nonfed steer and heifer slaughter also remains large, despite expected lower grain prices and reduced feeder cattle inventories. Drought and poor forage in the Southeast through early June likely forced more cattle from this area on the market.

Choice fed steer prices at Omaha averaged over $56 in May, up from the April low of $52; however, large meat supplies forced prices to the low $50's in mid-June, and price strength is unlikely until beef supplies decline. Prices in the $60's are unlikely until fall.

Utility cow prices have rebounded, averaging in the upper $30's since late April, mainly because of large USDA purchases of cow beef. Yearling feeder cattle prices remain under pressure because of low fed cattle prices and continued strong grain prices, in turn due



to tight free stocks. Larger cattle marketings in the Southeast are also holding down price gains for feeder cattle. [*R. A. Gustafson (202) 786-1830*]

Hogs

Hog prices averaged $47 per cwt at the 7 markets in May, up $7 from April. The price rally was due to declining slaughter rates, sharply lower year-over-year frozen pork stocks, and smaller imports of pork products and live hogs. Barrow and gilt weights averaged 244 pounds, compared with 247 a year earlier. The declining weights and high second-quarter slaughter (compared with the March 1 inventory of market hogs weighing 60 to 179 pounds) indicate that marketings are current.

Preliminary data for the second quarter indicate that commercial slaughter was down about 3 percent from a year earlier. Most second-quarter slaughter comes from the March 1 market-hog inventory weighing 60 to 179 pounds. This inventory was down 4 percent from a year earlier. The ratio of slaughter to inventory is the largest since records began in 1973.

Pork stocks in cold storage on April 30 totaled 286 million pounds, down 22 percent from last year. All categories were down, with hams showing the largest decline, 42 percent. Belly stocks were down 18 percent. The reduced stocks, along with seasonal production declines, will further tighten supplies this summer, when prices are normally at their high.

Currently, farrow-to-finish production costs in the Corn Belt are about $44 per cwt. Because of low production costs and higher hog prices, producers' returns are the greatest in over 3 years. Despite higher returns, recent slaughter data suggest no major build-up of hog numbers.

However, with sustained profits and low feed costs, producers will have an incentive to expand later this year. In addition, some participants in the Dairy Termination Program may convert their facilities to hog production. [*Leland Southard (202) 786-1830*]

Broilers

Second-half 1986 broiler meat output from federally inspected plants may be

5 percent above 1985's 6,827 million pounds. This would imply third-quarter production at the same high level as second quarter. This output may be near the present capacity of the industry, especially of its grow-out facilities. The fact that the industry has not sharply expanded, despite very favorable returns, suggests some physical limits to expansion potential.

Second-half prices for whole branded birds, Grade A without giblets, may average 48 to 54 cents per pound, near last year's 51 cents. Prices could average in the upper end of the range if domestic tourism increases. The reason is that fast food restaurants have higher sales during the summer travel period, and with more people staying in the United States for vacations, sales may climb more than usual. Chicken items now appear on most fast food menus.

Estimated net returns for whole birds averaged over 6 cents per pound in second-half 1985. Grain prices will likely be below 1985 through the remainder of 1986, putting the cost of broiler production at or below last year. If prices turn out as expected, net returns during second-half 1986 will remain favorable for producers. [*Allen Baker (202) 786-1830*]

Turkeys

Second-half output of turkey meat is expected to be up sharply from 1985. Strong demand for processed turkey products has resulted in favorable net returns and encouraged expanded production. Federally inspected output in the second half may be 14 percent above 1985's 1,689 million pounds.

Cold storage stocks continued above 1985 throughout May. After 2 years of tight supplies in the fourth quarter, stocks will probably be larger than last year but have little influence on prices.

Prices were strong in the second quarter, despite increased production. Whole-bird prices were supported by demand for storage stocks and by increased processing. Prices for 8- to 16-pound hen turkeys in the Eastern Region may average 68 to 72 cents per pound during the third quarter, down from 78 cents in 1985. During the fourth quarter, young hen turkeys may average 77 to 83 cents, compared with 90 cents last year.

Net returns to turkey producers are likely to remain favorable in 1986. Estimated wholesale costs during second-quarter 1985 averaged 60 cents per pound. With grain prices expected to decline through the end of the year, costs are likely to be lower than in 1985, resulting in returns above costs. [*Allen Baker (202) 786-1830*]

Eggs

Egg production is expected to increase from last year in the third and fourth quarters. Producers have ordered more pullets to enter the flocks in the third quarter. In addition, the number of older hens may not be reduced enough to offset the extra pullets. One indication is that producers are force-molting old hens. When rested, these hens are usually kept in lay.

Even though hen numbers will be up, egg production may be up far less from last year because of a decline in the rate of lay. In 1985, producers were cutting back and selling their least productive hens. Since the remaining hens were more productive, the rate of lay increased by 2 eggs per layer.

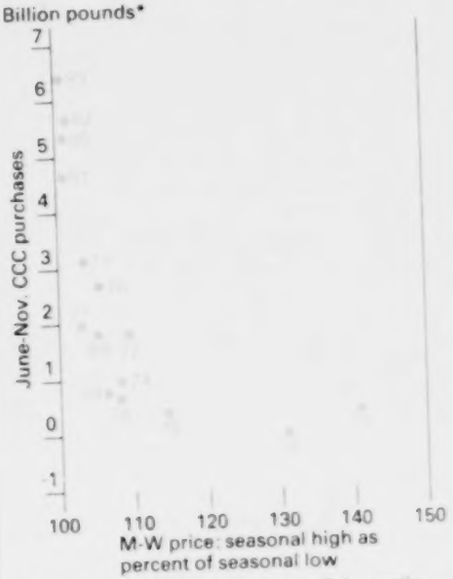
Egg prices may slip below a year earlier by the fourth quarter. Third-quarter prices for cartoned Grade A large eggs in New York may average 66 to 70 cents per dozen, near 1985's 68 cents. Demand increases late in the third quarter when schools reopen. Also, the strong yen has lowered U.S. prices to Japan and helped increase U.S. egg-product exports. Exports will likely continue higher during the fourth quarter and help strengthen prices. At 67 to 73 cents per dozen, however, prices will be down from 1985's 76 cents.

Net returns to producers who sell at wholesale are expected to remain favorable because grain prices are forecast lower. In second-half 1985, wholesale costs were estimated at 65 to 66 cents per dozen. If grain prices fall, costs should remain the same or decline slightly. Net returns for second-half 1986 will be positive if price forecasts hold true. However, returns in the third quarter may only be near break-even, especially early in the quarter. [*Allen Baker (202) 786-1830*]

Dairy

Except for second-half 1984, milk prices since 1980 have been held below support levels by heavy surpluses. This situation will change this summer and fall, as the herd buyout program bites deeply into the surplus. Even so, the average effective price in 1986 will be the lowest since 1979, because of support-program deductions and low prices during the first half of the year.

Heavy Milk Surpluses Flatten Price Rises



*Milk equivalent (fat basis), net of domestic sales for unrestricted use.

Wholesale prices of dairy products probably will rise this summer. The timing and magnitude of the increases will be greatly affected by when buyout participants leave dairying, the size of the production expansion by remaining producers, early-summer commercial stocks, and the strength of commercial use.

Wholesale price increases probably will be reflected fairly quickly in farm prices. In addition, competitive pressures may shrink manufacturing margins slightly. By this fall, the Minnesota-Wisconsin (M-W) price of manufacturing-grade milk will be above a year earlier and could average 55 cents to $1 above the spring low. The M-W price in turn determines most milk prices in the country.

During the first 5 months of 1986, prices of all milk averaged $12.20 per cwt, down more than $1 from a year earlier. For 1986 as a whole, the decline in the all-milk price probably will be 10-40 cents. The effective milk price will be down 35-65 cents because of this year's larger average deductions. [*James Miller (202) 786-1830*]

CROP HIGHLIGHTS

Wheat

Reduced acreage and less-than-favorable weather have cut winter wheat production prospects. As of June 10, the 1986 U.S. winter wheat harvest is forecast at 1.58 billion bushels, 14 percent under 1985 and an 8-year low. Program participation helped reduce prospective winter-wheat harvested area about 5 million acres from last season.

Heavy program participation by growers of spring wheat (Durum, Hard Red Spring, and White) and delayed seeding resulting from a cool, wet spring may put 1986's harvest lower than 1985's near-600-million-bushel crop. In total, 1986 U.S. wheat production may approach 2.15 billion bushels. Adding lower new-crop supplies to the record carryover boosts 1986/87 wheat supplies to a record 4.03 billion bushels.

The 1986/87 supply and demand prospects suggest farm prices near the loan rate. Heavy use of loans by program participants may result in tight free market supplies for one or more wheat classes. Nevertheless, the average farm price is forecast to be $2.25 to $2.50 a bushel, compared with $3.16 in 1985/86.

Lower wheat prices and various export promotion programs are expanding U.S. export sales in 1986/87, and may add about 200 million bushels to last year's low volume of 910 million.

New-crop sales as of June 1 are already more than 30 percent ahead of last year. Sales are up to North Africa (Algeria and Egypt), the Middle East (Iraq and Israel), and to many Latin American nations, while they are considerably behind last year's pace to Brazil and Indonesia. The Export Enhancement Program has successfully stimulated U.S. wheat exports to North Africa and the Middle East. More than 5 million tons of wheat and flour were sold through the program between September 1985 and June 1986.

Lower domestic prices should also encourage increased use for livestock feed early in the season and maintain growth in wheat food use.

The June forecast for 1986/87 world wheat production is 504 million tons, up 2 million from last year. Good weather in many major wheat-producing regions of the Northern Hemisphere points to another year of bountiful supplies, higher stocks, and lower prices.

Foreign production is forecast to reach a record 446 million tons, and estimated record crops have already been harvested in South Asia. Dry weather in China has reduced the output fore-

Overview of Crop Conditions

Growing conditions from planting through early vegetative development were good this year for major U.S. field crops in most producing regions, except in the Southeast and Southern Plains. With a few exceptions, crop progress through late May was ahead of normal.

Unusually wet conditions in the upper Corn Belt and Dakotas slowed planting, while very dry conditions in the Southeast and Southern Plains also slowed planting and threatened crop development. But, improved weather in these areas during late May and early June allowed farmers to complete most plantings and crops to develop.

In the Southeast, below-normal soil moisture just before and during planting dominated crop development this spring. However, dry weather through early June in the South Atlantic Coast States received more attention, as winter wheat matured and spring crops emerged and began to develop. Bad conditions in these regions, however, were offset by very favorable soil moisture in most of the Midwest and Plains through early June.

How will the dry weather in the Southeast and South Atlantic Coast States affect U.S. crop production in 1986? The share of annual average 1984-85 U.S. crop production in the Southeast States (Alabama, Florida, Georgia, North Carolina, South Carolina, and Tennessee) most affected by the early-season drought totaled 4.5 percent for corn, 8.7 for cotton, 2.2 for grain sorghum, 9.6 for soybeans (excluding Florida and Tennessee), and 5 for winter wheat (excluding Tennessee).

Likewise, the share of 1984-85 average annual corn, soybean, and winter wheat production grown in the South Atlantic Coast States (Delaware, Maryland, and Virginia) totaled only 1 to 2 percent.

USDA estimates as of June 10 for this season's winter wheat crop show that per-acre yields in the Southeast States are expected to be 9 to 39 percent below average yields during the past 5 years. Per-acre wheat yields in the South Atlantic Coast States in general will be higher than in recent years, however.

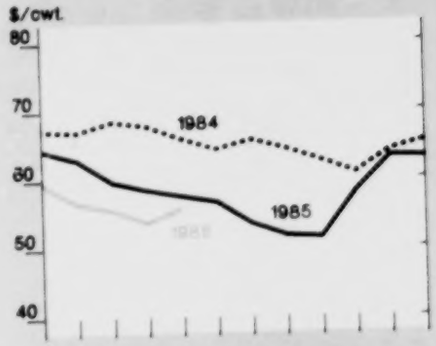
For field crops planted during the spring, initial NASS production estimates will not be available until early August. Although it was extremely dry in the Southeast through most of the planting period and remained so through early June in the South Atlantic Coast region, crop production ultimately will depend on weather conditions during the rest of the growing season.

Analysis of 1950-1984 precipitation levels during January-May and June-August in the Southeast shows that the amount of rain received during the first 5 months of the year is not strongly correlated to the amount received later. Consequently, it is difficult to estimate crop production at this stage of the growing season.

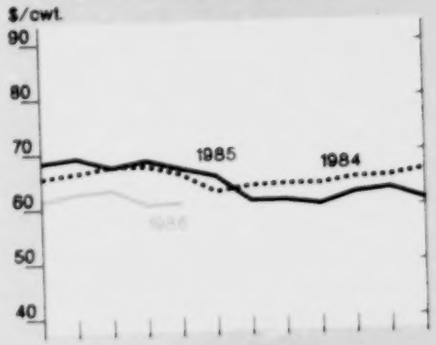
Given the relatively small share of total U.S. field crop production in the Southeast and South Atlantic Coast States, favorable growing conditions elsewhere, and large beginning stocks, the early-season dry weather in the Southeast and South Atlantic Coast should not significantly affect aggregate U.S. crop production this season. However, if Southeastern crop production does drop, the effects could be quite dramatic for both farmers and feed purchasers in the region. *[Michael Hanthorn (202) 786-1841]*

Commodity Market Prices

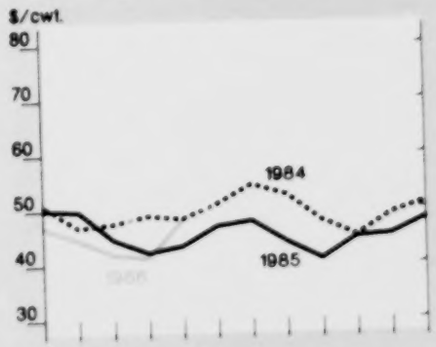
Choice steers, Omaha



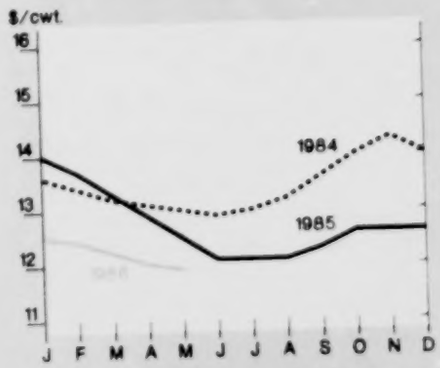
Feeder cattle, Kansas City[1]



Barrows and gilts, 7 markets

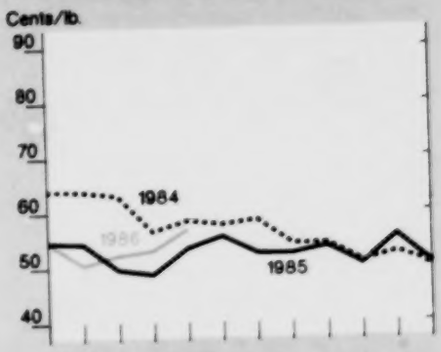


All milk

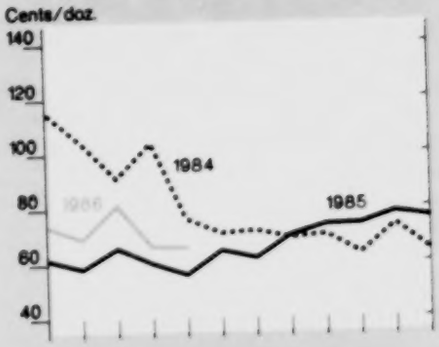


[1]600–700 lbs., medium no. 2. [2]Grade A Large.

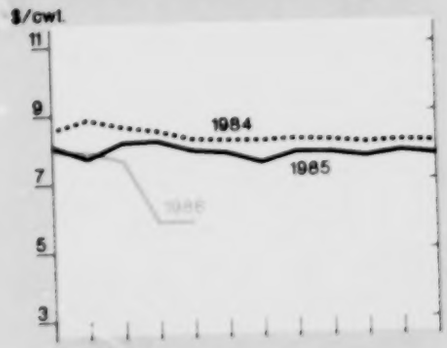
Broilers, 12-city average



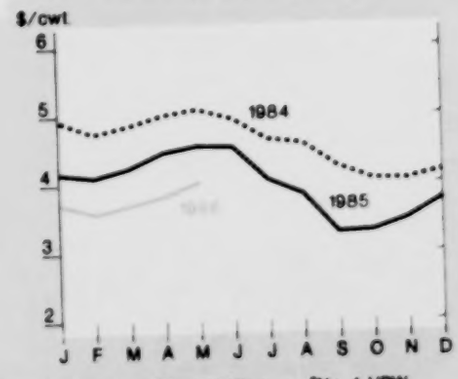
Eggs, New York[2]



Rice (rough), SW Louisiana

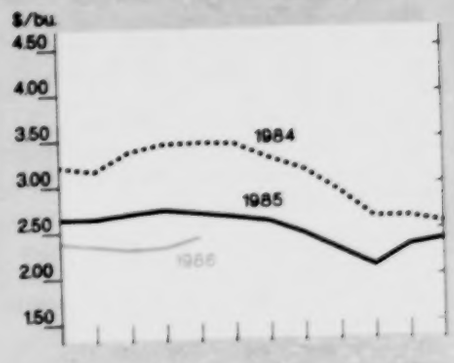


Sorghum, Kansas City

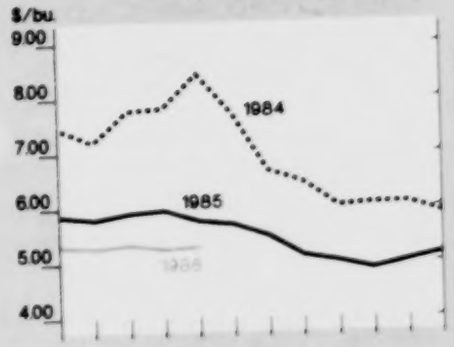


[4]No. 1 Yellow. [5]No. 2 Yellow. [6]No. 1 HRW.

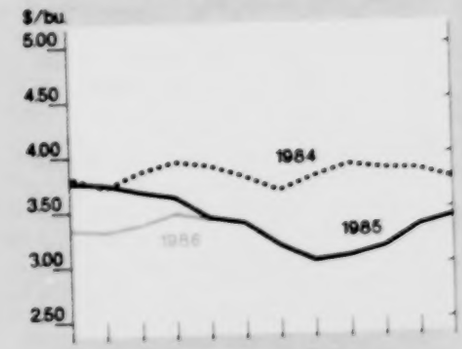
Corn, Chicago[3]



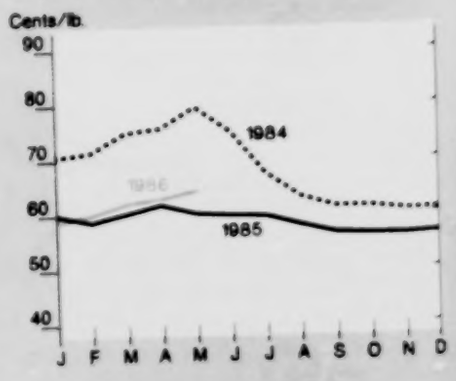
Soybeans, Chicago[4]



Wheat, Kansas City[5]



Cotton, average spot market



cast by 1 million tons to 87.5 million. Also, dry weather in the Ukraine and the Volga Valley has reduced expected Soviet output to 77 million tons, down 6 million from last year. [*Allen Schienbein (202) 786-1841 and Scott Reynolds (202) 786-1691*]

Rice

Assuming 1986 planted acreage is close to the March intentions of 2.27 million acres and yields are on trend, U.S. rice production may be about 130 million cwt in 1986/87. Carryin stocks of close to 88 million cwt and imports of 2 million, however, likely will boost supply to a record 220 million cwt. Thus, a projected 17-million-cwt rise in supply may nearly offset the substantial 20-million-cwt increase in exports forecast for 1986/87.

Carryout stocks for 1986/87 are expected to remain large, but for the first time since 1983/84 (the year of PIK), they may be lower than carryin. Over the past few years, long grain stocks have accumulated because production has consistently exceeded total use by nearly 20 million cwt. In 1986/87, long grain production and use may be nearly in balance, while medium and short grain production could again fall short of use.

World milled rice production in 1985/86 is estimated at 316 million tons (464 million, rough basis), down 3 million from last year. The 7-million-ton drop in China's production overshadowed gains in Bangladesh, India, Indonesia, and Thailand. Despite the drop in China's output, world production is expected to exceed utilization by about 2 million tons.

World trade in 1986 is forecast to reach 11.8 million tons, up more than 300,000 from last year. Exports by three major U.S. competitors — Thailand, Pakistan, and Burma — were exceptionally large during the first 4 months of 1986. While Thailand's exports during January-April increased 7 percent over 1985, those of Pakistan and Burma were more than triple 1985 levels. Shipments of more than 250,000 tons each to Brazil and Vietnam contributed to the marked improvement in export volume, particularly for Thailand and Burma.

The United States, on the other hand, experienced a drop in exports in early 1986, as many customers anticipated lower prices after the April 15 beginning of the marketing loan program. U.S. exports are expected to increase during second-half 1986 and are forecast to reach 2.2 million tons, about 19 percent of world trade.

The national weighted average market price for the first 5 months of the 1985/86 marketing year (August-December) was $7.73 per cwt, or about 97 percent of the $8 loan rate. Farmers who participated in the 1985 rice program received deficiency payments of $3.90 per cwt, the maximum allowed. For the season, farm prices are forecast to average near $6.50. Between April 18 and May 27, repayment rates for long grain farm-stored loans have averaged $3.81 per cwt, $5.05 below the average long grain loan rate of $8.86. Medium and short grain repayment rates have averaged $3.30 per cwt, $3.30 below the average loan rate of $6.60. [*Janet Livezey (202) 786-1841 and Scott Reynolds (202) 786-1691*]

Feed Grains

U.S. feed grain production is expected to fall about 15 percent in 1986/87 to 235 million metric tons, while exports plus domestic use may rise 6 percent to 218 million. Nevertheless, ending stocks will probably rise to nearly four times what they were at the end of 1983/84. As a result, farm prices for corn are forecast to average close to the loan rate of $1.92, although harvest-time prices could be lower.

The estimated 40-million-metric-ton drop in U.S. production this year results from increased participation in the Government feed grain program and an expected drop in yields from last year's record. Corn yields averaged 118 bushels per acre in 1985/86 — above the long-run trend. Estimates of both acreage and yield will be adjusted as the year progresses. The June Acreage Survey will be released in mid-July, while the first production estimates based on survey results will be completed in early August.

Record foreign coarse grain production in 1986/87, coupled with abundant supplies of some non-coarse grain feeds and limited growth of animal numbers, will lead to only a modest increase in world demand for imported feed grains. World imports are expected to total only 90.2 million tons in 1986/87. The forecast increase of 6 million tons in global trade (excluding intra-EC trade) represents growth of only 7 percent from 1985/86.

As prices fall in September for the 1986 crop, U.S. sales should increase substantially, but they are forecast to remain well below peak levels. U.S. exports are forecast at nearly 49 million tons, compared with 39 million in 1985 and almost 56 million in 1984.

Foreign coarse grain production in 1986/87 is forecast at almost 580 million metric tons, up about 11 million or 2 percent from a year earlier. Although lower production is projected for some foreign export competitors (notably Canada, Australia, and Argentina), major production gains are forecast for both the Soviet Union (up 2 million tons to 96 million) and China (up over 10 million to 94 million). Neither is a record, although China's prospects are only about 1 million tons below the record outturn of 1984/85.

Increased production and abundant beginning stocks, coupled with pent-up demand from purchasing delays this spring and summer, will likely cause 1986/87 foreign utilization to soar to a record of almost 630 million tons, up over 4 percent from a year ago. World consumption could approach 800 million tons, an increase of over 25 million from 1985/86. In spite of the increase, supplies will continue to exceed use, resulting in a boost in ending stocks of about 17 million tons. This, however, is significantly lower than the increase in 1985/86. [*David Hull (202) 786-1840 and James Cole (202) 786-1691*]

Oilseeds

Soybean prices (No. 1 yellow, Central Illinois) averaged $5.23 a bushel in April and near $5.25 in May. This recent stability is probably attributable to the soybean loan program. As of June 11, 513.4 million bushels from the 1985 crop had been placed under loan. However, because of redemptions, loans outstanding dropped to 384.7 million, after peaking at 459.4 million the week of February 12. Redemptions totaled 128.5 million bushels by June 11, and CCC acquisitions of 1985-crop soybeans remain a scant 200,000 bushels.

Because world vegetable oils are in chronic oversupply, the U.S. soybean

Storage Likely Tight This Fall

The 1985/86 crop year will likely have record carryout for several major grains. Corn carryout could reach 4 billion bushels (September 1), more than double 1984/85. Wheat carryout likely was 1.9 billion bushels (June 1), up more than 30 percent from a year earlier. These large stocks could lead to tightness in storage this fall when corn and soybeans are harvested.

It is difficult to know exact storage requirements because new-crop supplies become available over the entire harvest period, and some disappearance takes place as grain is exported, fed, and milled over the same period. For this reason, total supply (carryin plus production plus imports) for the fall quarter overstates actual storage needs. However, the fall supply of major grains can be useful as a relative measure over time of storage requirements.

The accompanying table compares expected 1986 total supply (October 1 basis for grains, September 1 basis for soybeans) with recent critical years. Both 1982 and 1985 had record-breaking supplies. The total supply of feed grains, wheat, and soybeans was 18 billion bushels in 1982, while storage capacity was estimated to be about 18.9 billion bushels. The supply of these commodities was slightly larger in 1985, 18.2 billion bushels. A new NASS survey in 27 States indicates that about 16 percent more on-farm storage capacity is now available than was estimated for 1982. Previous estimates were based on a comprehensive 1978 survey of on-farm storage capacity updated with capacity built through the Farm Storage Facility Loan Program.

Thus, with off-farm storage capacity estimated at about 8.2 billion bushels, total 1985 and 1986 capacity could be near 21.8 billion. With an estimated 19.3-billion-bushel grain and soybean supply in fall 1986, storage capacity is likely to be stretched, but not as badly as in 1982. There will be about 2.5 billion bushels of excess capacity this year, compared with 0.9 billion in 1982. Storage space may be tight even though total capacity exceeds grain supplies. Elevator operators need a certain amount of working space within each elevator to separate and gain access to particular lots of grain. As grain and soybean supplies rise in relation to storage capacity, the likelihood of localized storage shortages increases.

Why Is Storage Capacity Of Concern?

Grain may temporarily be stored in rail cars, barges, and even on the ground. In fact, some ground storage of grain occurs in most years, but it is difficult to maintain quality for long since insects, other pests, and mold may cause damage. Grain should be stored at or below recommended moisture levels, in a sanitary environment, and with proper fumigation and aeration.

Large quantities of grain are owned by the Government, or under various regular, reserve, and special loan programs. These inventories are usually required to be stored in approved facilities to protect them from damage. Although emergency storage programs were in effect in 1985, under which temporary storage measures were approved, this type of storage is not desirable because there is a greater chance of the grain going out of condition. On the other hand, quonset huts and other machinery sheds can be converted to grain storage fairly easily and effectively. Thus, precise measurement of storage capacity is difficult.

To ease expected problems in 1986, federally licensed grain warehousemen will be permitted to transfer stored grain to other warehouses. With written permission from the owner, and after notifying ASCS in writing, warehousemen may even transfer grain that is Government-owned or under CCC loan.

Should More Storage Be Built?

From the individual farmer's or merchandiser's viewpoint, the decision to build more storage must take local conditions and longer term prospects into account. The cost of storage facility construction must be weighed against the risk of losing revenues because of forced selling and quality deterioration without adequate storage space.

From a national viewpoint, the decision to add storage of these commodities must be made in the context of national agricultural and trade policy goals. Over half of the world's wheat, coarse grain, and soybean stocks are held in the United States. All this storage activity is costly.

For example, the average cost of storage charged to the Commodity Credit Corporation by county elevators is about 33 cents per year for one bushel of wheat. The United States has recently been faced with declining world prices and trade in wheat and coarse grains and strong competition in soybeans, leading to a rise in ending stocks. But an alternative to storing grain is expanding exports. [*David Hull (202) 786-1840*]

Total Supplies of Grain and Soybeans[1]

	1982	1985	1986E
	Billion bushels		
WHEAT			
Stocks	3.0	3.0	3.1
Prod. & imports	0	0	0
Total	3.0	3.0	3.1
OATS			
Stocks	.5	.5	.5
Prod. & imports	0	0	0
Total	.5	.5	.5
BARLEY			
Stocks	.5	.7	.8
Prod. & imports	0	0	0
Total	.5	.7	.8
CORN			
Stocks	2.2	1.4	3.6
Prod. & imports	8.2	8.9	7.6
Total	10.4	10.2	11.2
SORGHUM			
Stocks	.3	.3	.5
Prod. & imports	.8	1.1	.9
Total	1.1	1.4	1.4
SOYBEANS			
Stocks	.3	.3	.5
Prod. & imports	2.2	2.1	1.9
Total	2.4	2.4	2.4
TOTAL	18.0	18.2	19.3

1/ All stocks as of October 1, except soybeans, as of September 1. E = estimated. Totals do not add because of rounding.

market has exhibited characteristic price weakness and a large stock build-up. Soybean oil use is price inelastic, so sharp price decines, as in 1985/86, do little to stimulate use. Prices (f.o.b. Decatur) averaged 17.6 cents a pound in April and will average about 17.7 cents in May, compared with 33.6 and 32.5 cents a pound in April and May of 1984/85.

With the loan rate providing a price floor and the soybean oil market so weak, soybean meal prices have maintained crush. The year's domestic soybean meal use as of April trails last year's rate by about 3 percent and could decline further. The higher price will probably reduce feeding rates, which were near record last year. Soybean meal exports are exhibiting their seasonal decline as South American products enter the market. Weakening demand will squeeze crush margins, resulting in reduced crushings.

Over the next few months, the soybean market will be driven by 1986 U.S. production prospects, which depend increasingly on the weather. With prices fairly stable, the most salient factor indicating market strength could be CCC loan redemptions. Should demand weaken, loan redemptions would falter and CCC acquisitions would rise.

World production of oilseeds in 1986/87 is expected to exceed 1985/86. U.S. output will decline, but other countries, especially Brazil and India, could recover from last year's poor outturn. Although planting for Southern Hemisphere crops will commence several months from now, Brazil's economic program contains incentives to expand agricultural land use, and could lead to large gains in soybean planting in the Northern States. If the major foreign exporting nations produce more, U.S. export prospects will decline.

The outlook for expansion of pork and poultry production implies some growth in world soybean meal utilization. A significant influence in world trade patterns is the Soviet Union, which is using greater amounts of protein in its feed rations. Increased meal use by the USSR is built into USDA assumptions of trade for the coming year.

The global vegetable oil market will remain oversupplied with palm oil even if the growth in Malaysia's output slows, because stocks are far above year-earlier levels. Large oilseed supplies and high vegetable oil stocks create weak prospects for U.S. soybean oil exports. Importers' willingness to use U.S. credit programs will have a major impact on sales. The 1985/86 shipments of soybean oil are not even half the current forecast. [*Roger Hoskin (202) 786-1841 and Jan Lipson (202) 786-1691*]

Cotton

Although imports of cotton textiles remain high, and cotton prices have risen relative to polyester since the summer of 1984, U.S. mills are using more cotton this season than at any time since 1979/80. Factors include a shift in consumer preferences toward natural fibers, plus fashion trends and a perception that cotton will become less expensive when the new farm bill goes into effect. Mill use for 1985/86 is expected to total 6.3 million bales, and could rise to 6.8 million next season.

Futures prices for 1986-crop cotton were around 34 cents a pound in mid-June, which equals a mill-delivered price of about 40 cents. In contrast, current mill-delivered cotton prices are over 70 cents and polyester prices are around 63 cents. Lower oil prices will benefit manmade fibers, but not nearly enough to meet the increased competition from cotton.

Given a demonstrated consumer preference for cotton, competitive prices, and a fall in the value of the U.S. dollar, the outlook for U.S. cotton use in 1985/86 and beyond has brightened considerably. Even though textile imports will limit domestic mill use, a turnaround in U.S. textile exports is possible. This would boost domestic mill use because there is a one-to-one tradeoff between textile exports and mill use.

The decline in U.S. textile exports has not received the media attention given to the rise in imports, but the potential for increased exports (and domestic mill use of cotton) is suggested by the export decline in the 1980's. In 1979-80, the cotton equivalent of annual U.S. textile exports averaged about 1 million bales; in 1984-85, it averaged 435,000 bales.

World trade in raw cotton is down in 1985/86, primarily because importers have been deferring nonessential purchases until after the new U.S. farm bill takes effect with lower prices on August 1. World consumption, however, is projected to rise from 69.4 million bales in 1984 to 73.2 million this year, a 5.5-percent increase. Foreign consumption will be up 5 percent, while U.S. consumption will rise an estimated 8 percent.

But, the growth in consumption and drop in production are insufficient to offset oversupply. World ending stocks for 1985/86, estimated at 47.1 million bales, are still excessive and will be 11 percent larger than beginning stocks. Foreign stocks will fall 750,000 bales, with all of the decline in importers' stocks. Exporters' stocks will rise 15 percent, with the United States accounting for virtually all of the increase.

Planting of 1986 cotton is underway in the Northern Hemisphere and progressing satisfactorily. Based on planting intentions, U.S. area will fall sharply. Foreign area is expected to remain about the same as in 1985.

World production is expected to fall about 4 percent to 75.2 million bales in 1986. Consumption is also projected at 75.2 million, a 3-percent increase from 1985/86. However, both the production decline and consumption growth are expected to be less than in 1985/86. China and the United States, major exporters, accounted for most of the consumption growth in 1985/86.

The United States will account for most of the world production drop; foreign production may decline slightly. Both importers and exporters are expected to increase consumption, but growth among importers will be more substantial, as they take advantage of continuing price declines.

Despite falling production and rising consumption, world ending stocks are expected to remain high, and both the world oversupply and strong export competition will continue. Trade will rise in 1986 as importers replace stocks and make purchases they previously deferred. Some additional importer stockpiling may also occur. But, exporters' supplies will still greatly exceed importers' demand.

In 1985/86 the United States' total cotton supply was 17.6 million bales (14.5 percent of the world total); this year, the expected U.S. supply is 20.4 million bales (16.5 percent of the projected world total). However, last season, the United States had virtually no cotton available at the world price; in 1986/87, the bulk of the U.S. cotton supply will be available at the world

price. Exports from the United States should respond strongly to this new competitive position, and world cotton users will benefit from this large increase in the amount of cotton available to the market. [*Sam Evans (202) 786-1840 and Carolyn Whitton (202) 786-1691*]

Tobacco

Lower domestic use and exports may cut U.S. tobacco disappearance 3 percent this season. Still, use will exceed 1985/86 marketings. So, stocks carried over to the new marketing year (beginning July 1 for flue-cured and October 1 for burley and other kinds) likely will decline about 6 percent from last year's 3.85 billion pounds.

Supplies are expected to decline because the crop and carryover stocks will probably be smaller. Because of smaller allotments and quotas, marketings will be about 15 percent below 1985's 1.46 billion pounds. With a smaller crop, reduced price supports for flue-cured (excluding rebates), and unchanged support for burley, auction prices are expected to be lower. Effective prices, though, may not change much from a year ago.

March planting intentions point to 6 percent less flue-cured acreage than last year. However, acreage may be lower than March intentions because a new quota was announced on April 25 that is lower than that announced under the old legislation. With the 1986 quota, about 675 million pounds can be sold. Production in 1986, added to 25 to 30 million pounds of 1985-crop tobacco that was not sold because of insufficient quota, may exceed available quota. So, 1986/87 flue-cured supplies could drop about 215 million pounds, or around 7 percent. With a smaller quota and lower support prices, loan receipts may decline.

Burley growers indicated they would plant 8 percent less acreage in 1986. However, a lower quota was announced on April 25 that voided the previous larger quota. About 465 million pounds of tobacco is likely to be marketed with the 1986 quota. New production, plus 50-55 million pounds of 1985-crop tobacco that could not be marketed without penalty, means marketings are expected to exceed the total permitted.

In the year ending June 30, Americans likely consumed 2 percent fewer cigarettes than a year earlier. Even with higher exports, production for 1985/86 is below the 665 billion units produced last season. Production and domestic sales during second-half 1986 will again fall below last year, because of higher prices, smoking restrictions, and antismoking activities. Cigar, smoking tobacco, snuff, and chewing production are all down this season as well. [*Verner N. Grise (202) 786-1840*]

Fruit

The first forecast for the 1986 California almond crop is 250 million pounds (shelled basis), 46 percent below last year and 57 percent below 1984's record. Rain in major producing areas during the critical bloom period may make 1986 yields among the worst ever. Although most varieties and areas were affected, the Sacramento Valley was hit especially hard.

Almond acreage is increasing, however. The latest forecast for 1986 is 418,000 acres, compared with 409,243 in 1985.

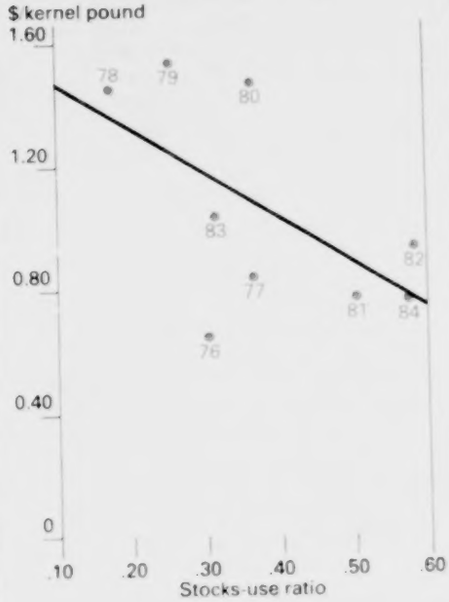
Both domestic and export almond shipments have been strong during 1985/86. According to the Almond Board of California, 455 million pounds were shipped during the first 11 months (July 1985-May 1986), up 24 percent from a year earlier. Exports totaled 316 million pounds, an increase of 28 percent.

West Germany, the United States' leading customer, imported 49 percent more than last year, mainly because of low U.S. prices and a lower valued dollar. France and the United Kingdom, the other major importers in Western Europe, boosted their imports by 41 and 37 percent, respectively. Overall, shipments to Western Europe rose 39 percent and accounted for more than 53 percent of U.S. almond exports.

The Soviet Union, the largest customer after West Germany, continued to raise its purchases during the first 11 months of 1985/86, with a gain of 67 percent over a year before. The Soviet Union bought U.S. almonds instead of Turkish filberts, which were in short supply because of substantially reduced production during the last two seasons. The Soviet Union accounted for nearly 21 percent of total U.S. almond exports.

Shipments to Japan, the third largest buyer, increased 20 percent from a year earlier. Shipments to Western Europe, the Soviet Union, and Japan accounted for over 87 percent of U.S. almond exports during the first 11 months of 1985/86.

10-Point Fall in Stocks-Use Ratio Raises Almond Prices 14 Cents



Export prospects for 1986/87 are favorable, assuming the value of the dollar stays at current levels. Furthermore, Spain, the world's second leading producer, may suffer a crop shortfall from freezing temperatures April 12 and 13, and this could further boost U.S. almond shipments to Europe.

USDA recently announced that it will use generic certificates to pay for the Targeted Export Promotion Program (TEPP), which helps U.S. almond exports hurt by Egypt's and India's restrictive import policies and the EC's refund program. (Generic certificates give the holder title to redeem a certain amount of commodities from CCC stocks.) The TEPP focuses on increasing U.S. almond sales in Western Europe, Japan, and Korea. Promotion will be done jointly by USDA and the almond industry. USDA will reimburse firms up to 50 percent with generic certificates for approved promotion in eligible countries during 1986/87.

Domestic demand has also been strong; shipments totaled 140 million pounds during July 1985-May 1986, up 16 percent from a year earlier. With healthy demand, carryout stocks are expected to be much smaller than a year ago. The smaller upcoming crop, combined with reduced carryout, will spell smaller almond supplies in 1986/87. Consequently, prices received by growers are expected to be substantially higher

Exports of California Almonds

Destinations	1980/84 average	1984/85	1985/86 July 1 - May 31
	1,000 pounds/kernel weight		
West Germany	60,328	64,344	87,769
U.S.S.R.	11,545	45,172	68,227
Japan	25,088	32,091	36,015
France	16,429	17,217	22,477
United Kingdom	15,451	16,036	19,421
Canada	10,333	11,454	12,298
Others	59,803	83,768	75,267
Total	198,977	270,082	321,474

during the coming season than the depressed 65 cents a pound reported for the 1985 crop. [*Ben Huang (202) 786-1766*]

Vegetables

U.S. vegetable growers are reducing 1986 acreage and hoping for improved second-half prices. Based on winter- and spring-season estimates of fresh-market harvest area and processors' contract intentions, 1986 acreage could be down 4 percent from 1985. This is a response to low fresh-market prices during spring 1985 and winter 1986. Also, large stocks of processed vegetables remain from 1985/86's canned and frozen supply. For the second consecutive year, the value of vegetable exports was lower than imports. Total 1986 vegetable demand could continue to weaken unless the overall trade situation improves.

Winter and spring potato plantings in 1986 were lower than 1985's, because growers in California and Florida cut area in response to lower market prices. Fresh-market prices for storage potatoes hit new lows following the record 1985 fall crop. The continued inventory surplus is causing distributors to increase cullage and growers to reduce demand for seed potatoes. High yields increased 1986 winter potato production 6 percent to 2.8 million cwt, but average spring potato yields are expected to hold output to 19.8 million cwt, down 14 percent from 1985.

Total 1985 vegetable export value dropped 7 percent from 1984 to $930 million, while vegetable imports rose 4 percent to $1.385 billion. Fresh vegetable exports, including potatoes, fell 26 percent in 1985 to 529,827 metric tons, worth about $218 million. Canada reduced demand about a quarter, and Asia by nearly half. Thus, Canada's share of U.S. fresh-vegetable exports increased from 79 percent in 1984 to 82 percent in 1985. Fresh vegetable imports, which are about half the total value of U.S. vegetable imports, increased 9 percent. Mexico, the United States' biggest supplier, increased its exports to U.S. markets about 10 percent.

Cumulative 1986 shipments of fresh vegetables are about 7 percent greater than January-April 1985 because of increased imports from Mexico and good yields in Florida. The larger supplies have put farm prices below their season average. The seasonally adjusted index of grower prices for fresh-market vegetables averaged only 100 (1977 = 100) during first-quarter 1986, down from 122 a year earlier. Prices will likely rise in the second half as supplies from Mexico taper off and domestic growers reduce acreage. [*John Love (202) 786-1767*]

Sugar

World sugar production in 1986/87 is forecast at 100.5 million metric tons, raw value, up 4 percent from the 1985/86 estimate of 96.5 million. Cane sugar production is expected to climb 5.6 percent and beet sugar production 1.6 percent. Geographically, the largest increases are likely in the Caribbean and Asia, each up 10 percent.

Caribbean sugar production is forecast to increase because of larger output in Cuba. Cuban production is expected to increase 12.6 percent to 7.6 million tons, up from the weather-damaged 1985/86 crop.

In Asia, higher sugar production is forecast in India, Indonesia, and the People's Republic of China (PRC). India, the region's largest producer, is expected to boost output 14 percent to 8.7 million tons, because Government policies support expanded area. In Indonesia, increased harvested area and slightly higher cane yields may lift output 6 percent. In the PRC, cane sugar production is expected to rise 7 percent to 4.7 million tons, while beet sugar production is forecast to increase 31 percent, following 1985/86's 20-percent drop due to bad weather.

World sugar consumption in 1985/86 is estimated at 98.0 million metric tons, raw value, reflecting growth of 1.2 million over last year's revised level. Use was greater than earlier expected in Canada, the United States, the PRC, and Japan, but less in the USSR and South Africa.

Prices for raw sugar in the United States (nearby No. 12 futures contract) averaged 20.67 cents a pound for the first 5 months of 1986. This is well below the market stabilization price (MSP) of 21.50 cents. The first-quarter average was 20.69 cents, up only 0.1 percent from the same period in 1985, but 8.0 percent higher than fourth-quarter 1985. Prices should rise slightly in the next few months because demand will increase seasonally, stocks are somewhat lower than a year ago, and deliveries are anticipated to be close to last year.

After falling 5 percent from 1984 to 1985, sugar deliveries in first-quarter 1986 were down 0.9 percent from a year earlier, totaling 1.76 million short tons, refined. Deliveries for industrial use fell 0.3 percent. Lower deliveries to the beverage industry more than offset increases of 5.7, 4.2, and 25.8 percent in deliveries to the confectionery products, dairy products, and multiple food use sectors, respectively. Sugar deliveries to nonindustrial users fell 1.8 percent; lower deliveries to wholesale grocers and brokers offset a 7.6-percent increase in deliveries to retail grocery stores.

U.S. sugar stocks at the end of first-quarter 1986 were estimated at 3.39 million tons, raw value, down 0.9 percent from a year earlier. Stocks were lower for beet processors, mainland cane processors, and refiners, but higher for the CCC and Hawaiian processors.

Another factor in declining stock levels was that first-quarter imports totaled only 580,638 tons, raw value, down 33 percent from a year earlier. Moreover, the decrease in stocks would be much larger if not for the big increase in sugar held by the CCC. If CCC stocks are not included, ending stocks for first-quarter 1986 are 3.17 million tons, a decrease of 7.2 percent from a year earlier. [*David Harvey (202) 786-1769*]

COMMODITY SPOTLIGHT

Malaysian Palm Oil: Rising Competitor

Palm oil has emerged as a major competitor in world vegetable oil markets during the past decade. Malaysia is the main producer, and since its domestic use is negligible, most output is exported.

The climate and economy in Malaysia favor the cultivation of the high-yielding oil palms. The palm oil industry is well organized, drawing on more than 50 years of experience from large estate farms. Since the early 1960's, the Malaysian Government has also supported smallholder producers, and area planted to oil palms has increased rapidly as a result. During 1970-85, production increased at an annual average rate of 17 percent.

In the 1970's, Malaysia also encouraged refinery investment to increase employment. The campaign was successful; palm oil exports have changed from all crude oil in 1970 to almost exclusively refined oil today.

Used in the manufacture of shortening, margarine, frying fats, soaps, and detergents, palm oil is extracted from the flesh of the oil palm fruit. A tree usually produces 5-15 bunches of fruit a year, each bunch having about 800 to 1,000 fruit. The fruit is first processed into crude palm oil, then refined to remove impurities, bleached, and deodorized.

About half Malaysia's palm area was planted 10 years ago or less. The oil palm starts bearing fruit 30-36 months after the seedling is planted. Yields rise rapidly, peaking within 8 to 10 years, and then slowly decline. As the oil palms continue to grow in height, the harvesting cost increases. After about 30 years it becomes more profitable to remove old trees and replant the fields. Replanting also provides an opportunity to use new higher and earlier yielding varieties.

Two major technological events have raised palm oil production in Malaysia. In 1981, the Cameroon weevil was introduced as an alternative to expensive manually assisted pollination. The improved pollination resulted in more fruit and denser fruit bunches. Although precise data are not available, the weevil has probably increased yields.

Cloning — reproducing trees vegetatively — is the other breakthrough. Cloning may eventually increase yields by about 30 percent. About 5 to 10 percent of the plants are cloned every year, but low prices could discourage expansion.

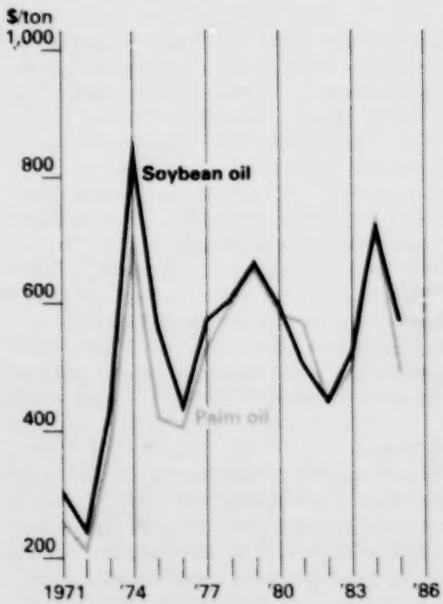
Because oil palms bear fruit for decades, the crop is not responsive to short-run price movements; production decisions are based on long-run expectations of prices and profitability and the level of Government support.

Malaysia's Palm Oil Production and Exports

Year	Production	Exports	Share 1/
		1,000 tons	Percent
1970/71	431	402	4.9
1975/76	1,258	1,160	8.4
1980/81	2,540	2,174	19.4
1981/82	2,693	2,434	18.3
1982/83	3,351	2,654	18.6
1983/84	3,179	2,869	20.2
1984/85	3,322	2,821	17.4
1985/86	3,817	3,256	19.7
1986/87F	4,800	4,000	

1/ Malaysian palm oil exports as percent of world vegetable oil trade. F = forecast.

Palm Oil Cheaper Than Soybean



Present prices give Malaysian palm oil an edge in world vegetable oil markets. It will likely continue to compete strongly with soybean oil and other vegetable oils during the rest of this century.

During 1985, Malaysia produced a record output of palm oil, continuing the long uptrend in production. Area, production, and exports will likely continue to increase substantially for the rest of the century.

The expected increase in Malaysian palm supplies will compete with U.S. soybean oil. Malaysia may export 4 million tons in 1985/86 and perhaps 6 to 8 million by 2000. Palm oil's low production costs make it a strong competitor for soybean oil, and Malaysia has the additional advantage of proximity to its export markets. India and Pakistan account for 22 percent of Malaysia's palm oil exports. Japan, Korea, and Bangladesh are also major customers.

Continued growth in Malaysian palm oil production will make the task of marketing more difficult and may exert downward pressure on world vegetable oil prices. Although exporting firms and the Government are aware of the need to market increasing supplies, there is no integrated marketing promotion plan. Marketing development efforts to date have included official missions and trade teams, tours for foreign dignitaries, technical assistance, market identification, overseas offices, end-use research, and trade shows. [*Jitendar S. Mann (202) 786-1614*]

World Agriculture and Trade

FORECAST LOWERED FOR U.S. FARM EXPORTS

U.S. agricultural exports for fiscal 1986 are now forecast at $27.5 billion, down 2 percent from the February forecast and 12 percent below 1985. While lower prices for major commodities account for some of the year-to-year decline, expected drops in grain and cotton volumes are more important. Reduced Soviet purchases and strong price competition from other exporters will mean a smaller U.S. share of world trade and lower export volume. Volume during 1986 is forecast at 115.5 million tons, about 10 million below 1985.

Farm imports in 1986 are expected to gain marginally from a year earlier, to a record $20 billion. The resulting agricultural trade surplus is placed at $7.5 billion, down from $11.4 billion during 1985 and the smallest surplus since 1973.

U.S. agricultural exports have been lower thus far in 1986, even though the value of the U.S. dollar (as measured by the Federal Reserve Board's trade-weighted basket of currencies) has fallen about 25 percent on foreign exchange markets since its February 1985 peak. U.S. farm exports will not benefit as much as this decline implies, partly because the dollar has strengthened against the currencies of some major agricultural competitors, such as Canada, Australia, and Argentina. Also, there is a considerable lag between changes in the dollar and their impact on exports or imports.

Another reason U.S. exports have fallen in 1986 is that Soviet grain imports are about one-half of 1985's record. U.S. agricultural exports to the USSR are expected to drop more than $1 billion, accounting for about one-quarter of the drop in U.S. export value this year. (This forecast has not been adjusted to reflect possible effects of the Chernobyl accident, however.)

Importers Delay Purchases

Importers this year have delayed purchases from the United States and other countries in anticipation of lower prices in the summer and fall when new U.S. loan rate and marketing loan provisions become effective.

How much importers respond to lower U.S. prices depends on the importance of price in purchasing decisions. The loss of U.S. price competitiveness was one factor in the U.S. export volume decline between 1980 and 1986, recently forecast at 40 million tons. A simple comparison between U.S. and foreign prices and exports demonstrates such an effect in the long run. But, examining U.S. export prospects this year by customer shows some other problems that U.S. exports face in the near term.

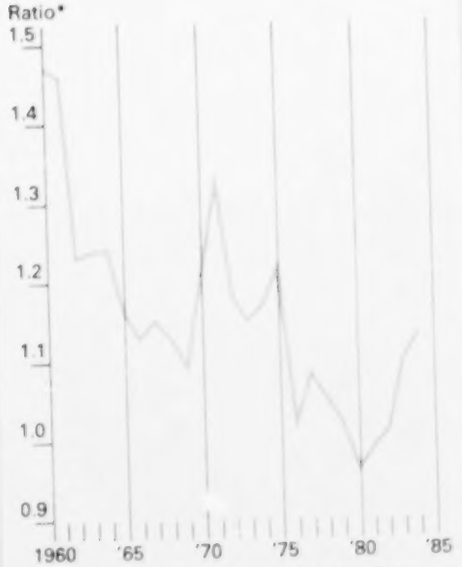
One method of comparing prices is to compare export unit values (EUV's). A commodity's export unit value is found by dividing its export value by its export volume. The benefit of comparing EUV's rather than selected f.o.b. prices is that the EUV is in a sense an average price weighted by the volume of products sold. A possible drawback in comparing U.S. and foreign EUV's is that quality differences or other particular characteristics of commodities are not considered.

U.S. Commanded Premium Price

The accompanying table compares U.S. and foreign EUV's for a basket of major U.S. agricultural exports — grains, soybeans, soybean meal, and cotton — between 1971 and 1984. (Foreign exports in this basket are weighted by each commodity's relative importance to U.S. exports, since the United States is the focus of this analysis.)

For whatever reasons (e.g., quality, ease of transport), the United States appears to have commanded a premium for the basket of goods during most of this period, albeit a declining premium. From 1971 to 1980, the ratio of U.S. to foreign EUV's fell 2 percent annually. At the same time, U.S. export volume for these commodities rose 11.8 percent annually.

U.S. Exports Became More Price Competitive Between 1960 & 1980



*Ratio of U.S. to foreign export unit values for soybeans, soybean meal, and cotton.

However, from 1980 to 1984, the U.S.-foreign EUV ratio rose 2.6 percent annually and U.S. export volume fell at a 2.7-percent compounded annual rate. During the two periods, 1971-80 and 1980-84, foreign exporters' respective annual increases in volume were 8.7 and 1.7 percent.

The last extended episode of a rising U.S.-foreign EUV ratio was in the first half of the 1970's. The average ratio during 1970-74 was 6.6 percent higher than during 1965-69. But, U.S. export volume rose then and rose faster than did foreign volume, illustrating that price has not always been the sole determinant of exports. The United States was able to command a premium in this earlier period because of a lack of alternative suppliers, but substantial increases in foreign production have occurred since then.

1980-84 Trends Continue in 1985 & 1986

In 1985, exports fell and the United States lost market share in major commodities. Since most of fiscal 1986 will occur before the appearance of lower

Export Unit Values and Volume*

Period	U.S. EUV/Foreign exporter EUV	Average annual change U.S. export volume	Foreign export volume
		Percent	
1971-80	-2.0	11.8	8.7
1980-84	4.6	-2.7	1.7

*For grains, soybeans, soybean meal, and cotton. EUV = export unit value.

U.S. Agricultural Export Value by Region

Region	Fiscal 1985	Fiscal 1986 Forecast
	Billion dollars	
Western Europe	7.184	7.0
European Comm. 1/	6.664	6.7
Other West. Europe	.521	.4
Eastern Europe	.531	.5
USSR	2.509	1.4
Asia	11.934	10.5
Middle East 2/	1.452	1.5
South Asia 3/	.600	.5
Japan	5.663	4.9
China	.239	.1
Other East Asia 4/	3.137	2.8
Southeast Asia 5/	.843	.7
Canada	1.727	1.5
Africa	2.528	2.2
North Africa 6/	1.208	1.4
Sub-Saharan Africa	1.319	.8
Latin America	4.565	4.2
Mexico	1.564	1.5
Central America & Caribbean	1.129	1.1
South America	1.872	1.6
Oceania	.204	.2
Total	31.183	27.5
Developed countries 7/	15.226	13.6
Less developed countries	12.676	11.9
Cent. planned countries	3.280	2.0

1/ Includes Spain and Portugal. 2/ Turkey, Cyprus, Syria, Lebanon, Iraq, Iran, Israel, Jordan, Kuwait, Saudi Arabia, Qatar, United Arab Emirates, Yemen (Sana), Yemen (Aden), Oman, and Bahrain. 3/ Afghanistan, India, Pakistan, Nepal, Bangladesh, and Sri Lanka. 4/ Korea, Hong Kong, and Taiwan. 5/ Burma, Thailand, Vietnam, Laos, Kampuchea, Malaysia, Singapore, Indonesia, Brunei, Philippines, and Macao. 6/ Morocco, Algeria, Tunisia, Libya, and Egypt. 7/ Western Europe, Japan, Canada, and Oceania.

U.S. loan rates, 1986 exports will suffer similarly. Also, U.S. exports this year have faced — in addition to still-high prices and importers' delays — heightened efforts by foreign competitors to make sales before U.S. and world prices drop.

Coarse grains and cotton illustrate this effect. Fiscal 1986 U.S. coarse grain exports are currently forecast to have the lowest value and volume since 1975. In such Asian markets as Japan, South Korea, and Taiwan, U.S. coarse grains have faced effective competition from large exportable supplies of Thai, Chinese, and Argentine corn; a recovery in South African production and exports; and feed wheat from several suppliers.

Similarly, the estimate for 1986 cotton exports now stands at $700 million and 500,000 tons, down $1.3 billion and 800,000 tons from 1985. Cotton exports by Australia, China, and Pakistan continue to displace U.S. shipments to such key Asian markets as Japan and South Korea. However, the situation is expected to improve as the new marketing loan provisions allow the United States to regain its price competitiveness after August 1.

Soybeans, Livestock Gaining

In contrast, the United States' market share and volume of soybeans and soybean meal exports are increasing significantly, largely in response to drought-reduced production in Brazil and large USSR purchases. Oilseed and products exports are forecast at $6.6 billion, $200 million above 1985. However, a glut of vegetable oils, especially palm, will result in sharply lower U.S. soybean oil exports (see the Commodity Spotlight on palm oil in the Crop Highlights section).

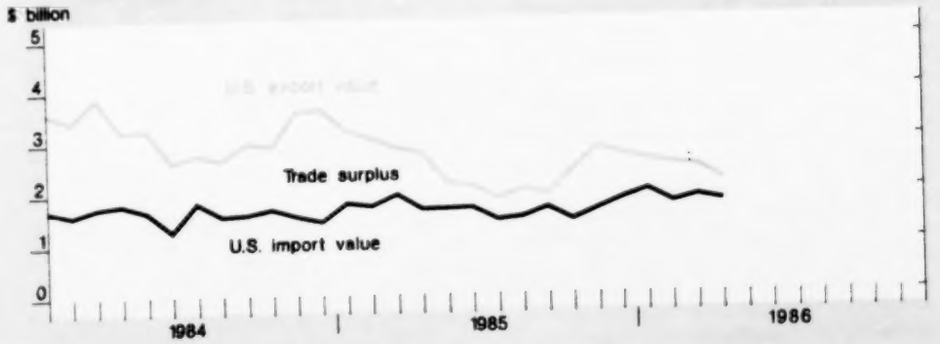
The export forecast for the livestock, dairy, and poultry sector stands at $4.5 billion, $400 million above last year. The improved livestock outlook stems largely from various provisions of the 1985 farm bill, including increased butter and cheese shipments and sales of beef and dairy animals under the Dairy Termination Program.

Regional Outlook Shows Gains and Losses

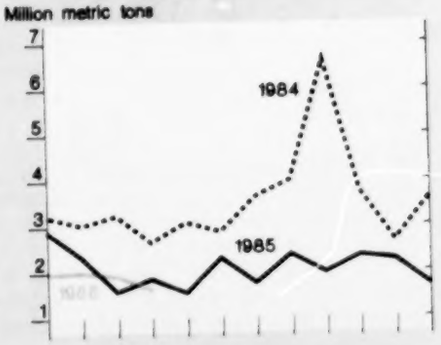
Examining 1986 U.S. export prospects from the perspective of customers rather than commodities shows problems that lower U.S. prices will not help in the short run.

U.S. Agricultural Trade Indicators

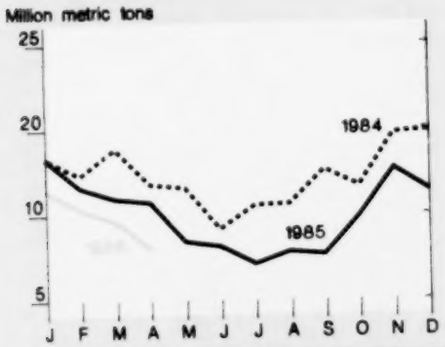
U.S. agricultural trade balance



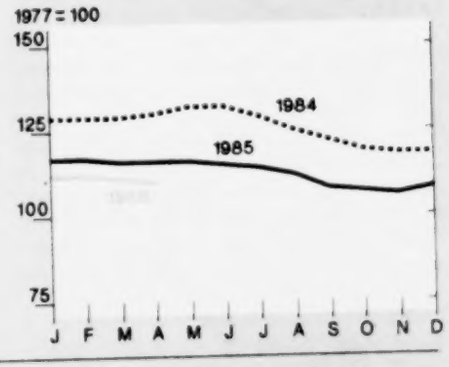
U.S. wheat exports



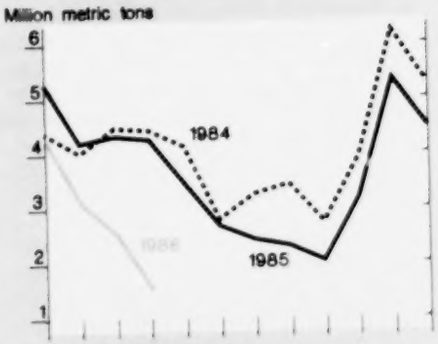
Export volume



Index of export prices

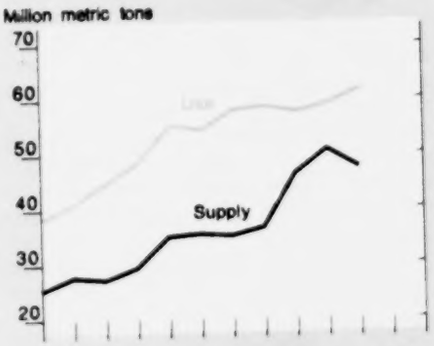


U.S. corn exports

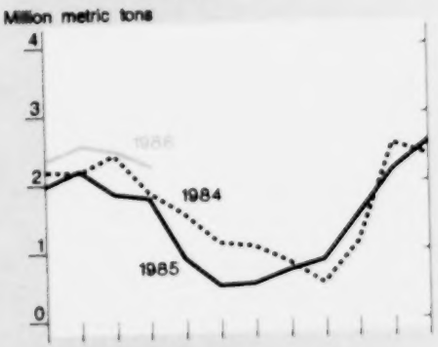


Foreign supply & use of coarse grains

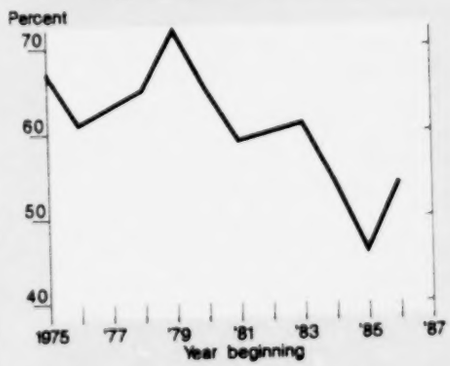
Foreign supply & use of soybeans



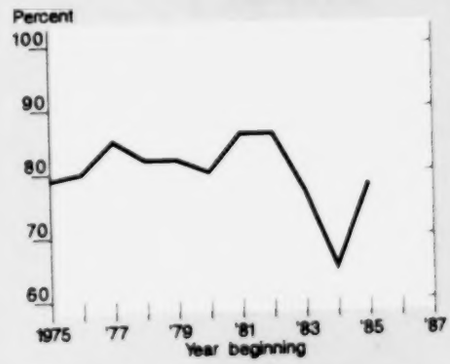
U.S. soybean exports



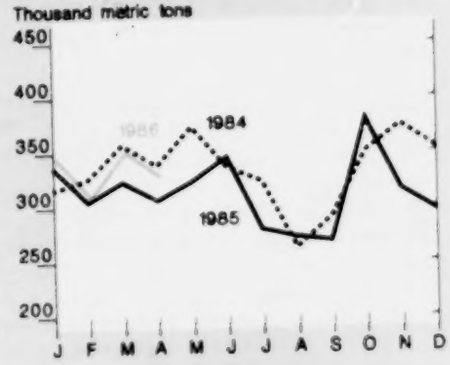
U.S. share of world coarse grains exports



U.S. share of world soybean exports



U.S. fruit & vegetable exports[1]



1/ Includes fruit juices.

Wheat, corn, soybean, and cotton exchange rates and export unit values are now included in the U.S. Agricultural Trade tables at the back of this issue.

North Africa is the only region expected to increase its imports of U.S. agricultural products in 1986. Lower petroleum prices hurt North African countries directly through smaller receipts or indirectly through lower worker remittances. But, food consumption subsidies and aid programs will allow the region to maintain consumption and imports this year.

A significant increase in U.S. wheat exports to North Africa is already underway under the aegis of the Export Enhancement Program (EEP). Exports of U.S. wheat and products in the first half of 1986 have already exceeded the amount exported to North Africa in all of 1985.

The outlook for U.S. exports to **Japan** is less positive. Lower prices and smaller U.S. market shares in coarse grains and cotton are expected to cut U.S. agricultural exports to Japan by about $600 million. Despite increased profit margins for Japanese livestock producers, grain and oilseed demand there has been stimulated only slightly.

Export prospects to **Western Europe** are also weaker, even with European economic performance likely to be the strongest since the end of the 1970's. U.S. agricultural exports to Western Europe are expected to fall about 3 percent, to $7 billion. Nevertheless, prospects are up for soybeans, soybean meal, and horticultural products.

While lower prices account for some of the decline in sales to Europe, the expansion of the European Community from 10 to 12 members is also a factor (see article following). The accession of Portugal and Spain to the EC has meant the application of variable import levies in these two countries since March 1, and has led Portugal to establish controls on domestic vegetable oil consumption. These actions have displaced U.S. sales. Prospects for U.S. coarse grain exports to Western Europe are also dimmer in 1986 because of increases in European wheat gluten production.

The outlook for **Latin America** has deteriorated since the February forecast, and U.S. farm product exports there are now estimated significantly below 1985. Export value may fall $400 million, about 8 percent, in 1986. The first half of 1985 was itself 30 percent lower than a year earlier.

Exports to **Central America** and the **Caribbean** are expected to fall only slightly in 1986. The outlook is better this year for corn and soybean exports to Brazil, in the wake of reduced production there. However, wheat exports to Brazil have already fallen substantially because of much improved production there.

During 1984 and 1985, large production shortfalls in **Sub-Saharan Africa** required record and near-record U.S. agricultural exports to the region. In 1986, the value of U.S. exports will probably drop more than a third because of improved food production, lower prices, and efforts by some countries in the region to restrict imports.

U.S. agricultural exports to **other regions** will also generally be lower, although exports to Eastern Europe and the Middle East will be about the same as last season. Increased domestic production will be the major factor reducing exports to Canada and South Asia. Efforts to restrict all imports and conserve foreign exchange will reduce exports to Southeast Asia and China. Competition and lower prices will be additional factors reducing exports to Southeast Asia, as well as to Other East Asia.

The level of U.S. agricultural exports depends not only on U.S. prices vis-a-vis competing exporters but also on the desire and ability of customers to import. This means the degree of importers' response to lower U.S. prices hinges in part on factors other than just agricultural prices. [*Stephen MacDonald (202) 786-1621*]

EC ENLARGEMENT & U.S.-EC TRADE CONFLICT

Spain and Portugal became members of the EC on January 1, 1986. Their transition to the EC's Common Agricultural Policy (CAP) began on March 1 and will last for 7 to 10 years for many major commodities. U.S. agricultural exports to the two countries are expected to decline because of adoption of CAP provisions.

As members of the General Agreement on Tariffs and Trade (GATT), the United States and EC have trade commitments to each other. U.S. producers want to be compensated for expected export losses from the EC's enlargement. Consequently, the President has imposed quotas on selected imports from the EC, although the quotas are not yet restrictive, and temporarily withdrawn U.S. promises not to raise tariffs on other EC imports.

Even though U.S. exports to the EC-10[1] fell 22 percent in 1985, to $6.9 billion, accession of Spain and Portugal makes the new EC-12 the world's largest market for U.S. agricultural exports. Spain and Portugal alone purchased $1.9 billion, 5 percent of all U.S. farm exports, in fiscal 1984. Grains and oilseeds have been the primary U.S. agricultural exports to the two nations, followed by tobacco, cotton, tallow, hides, and nuts.[2]

Estimates are that $1 billion in U.S. agricultural exports could be affected by the new transition-period policies, although the amount of trade actually lost will probably be less. For example, a 1-percent increase in duties on a specific product could affect total exports valued at $100 million, yet the export loss from the increased duty could be anywhere from negligible to total.

U.S. complaints with EC enlargement center on three major provisions of Spain and Portugal's transition to EC policies:

- Spain's imposition of a variable levy on U.S. grain imports,

[1]Belgium, France, Italy, Luxembourg, the Netherlands, West Germany, Denmark, Ireland, the United Kingdom, and Greece make up the EC-10.

[2]For further details on the EC enlargement provisions for grains and oilseeds, see the *Western Europe Situation and Outlook Report*, RS-86-4, issued in May 1986. Copies are available for $3.25 including handling from the U.S. Government Printing Office, Washington, D.C., 20402, or by calling the GPO order desk at (202) 783-3238.

Imports from the EC That Are Limited by New U.S. Quotas

Chocolate
Candy, NSPF
Apple or pear juices
Beer, ale, porter, and stout
White wine, value above $4 per gallon

[1]Imports in 1986 are allowed to grow 20 percent, except for white wine, which can grow 40 percent. NSPF = not specifically provided for in the tariff schedule.

- requirements that 15.5 percent of Portuguese grain import needs be filled by EC suppliers, and
- vegetable oil sales limits in Portugal that may hurt U.S. soybean exports.

Variable Levies Five Times The Earlier Duties

Prior to accession, Spain's duty on imported grain was limited under GATT to 20 percent, and the actual rate charged was generally lower. With accession, variable import levies and variable export subsidies took effect in Spain on March 1. Although they will be implemented gradually over 7 years, their impact will be to protect Spanish producers, as they do other EC producers, from competing with cheaper grain available on world markets. Spain imported corn at an accelerated rate prior to March 1 to avoid the variable levy, so total 1986 imports will not fall, even though little has been imported since March 1.

The variable levy, an import tax that increases as world prices fall relative to prices in the importing country, was more than five times the GATT-bound rate in May. More than one-fourth of current U.S. farm exports to Spain by value will probably be subject to variable levies once the transition is complete.

In Portugal, variable levies will also be introduced on some grain imports, ultimately affecting perhaps half of U.S. shipments to Portugal by value. But, since there was no earlier agreement in effect under the GATT to limit Portugal's import duties, the United States cannot get compensation for these levies even though they will reduce U.S. exports.

EC Market Share Rising in Portugal

The transition agreement calls for 15.5 percent of Portuguese grain imports to be filled by EC suppliers each year until 1990 — 15 percent from the EC-10 and 0.5 percent from Spain. If this quota is not met in any one year, the difference is to be made up in the following year. Additionally, with a 5-ECU-per-ton[3] preference on imports by the private sector and subsidies to offset the variable levy system, EC supplies are expected to make significant inroads into Portuguese grain markets.

Controls Put on Oilseed Imports

Oilseed prices in both countries have been increased over the last several years, in preparation for the EC's enlargement. These price hikes have already boosted production, although from relatively low levels compared with utilization.

Now, in addition, Portuguese imports of oilseeds will be controlled by means of limits on the amount of vegetable oil that can be sold domestically during the transition period. For 1986/87, 50,000 tons of soybean oil can be sold in Portugal. That is equivalent to soybean imports of 285,000 tons. Above this level, importers must make a deposit which is refundable only upon proof that the oil produced has been re-exported. Portugal currently re-exports about two-thirds of its soybean oil production.

Spain will also limit domestic sales of vegetable oils from imported oilseeds until December 31, 1990, to protect the market for domestic olive oil. But the marketing limitation on oilseeds in Spain has been in effect for some time, and it cannot be challenged as part of the EC enlargement negotiations.

For the U.S. oilseeds industry, the fear is that accepting any limitations on oilseeds trade with EC members may be the first step in the erosion of EC markets. The United States has challenged the Portuguese limits on domestic sales of oils.

U.S. Takes Trade Actions

On March 31, the President announced a set of possible trade actions aimed at retaliating for the potential trade losses from all the preceding policy changes. A July 1 deadline was set for EC agreement to compensate the United States for the losses. The compensation sought by U.S. negotiators includes an easing of other EC restrictions on some commodities, especially those most affected by enlargement.

[3]One European Currency Unit is worth about $1 at current exchange rates.

Imports from the EC on Which Duties Are Temporarily Suspended

Hams & shoulders weighing less than 3 pounds
Blue-mold cheese
Edam & Gouda cheeses
Other cheeses & substitutes valued at more than 25 cents/pound.
Endive, including witloof chicory
Carrots in airtight containers
Olives in brine or otherwise preserved
White wine, less than $4/gallon
Brandy, NSPF, greater than $13/gallon
Cordials, liqueurs, containers less than 1 gallon
Hops
Gin in containers less than 1 gallon

NSPF = not specifically provided for in the tariff schedule

After hearings and informal discussions, the announced actions — initially nonrestrictive — were undertaken on May 15. Quotas took effect on May 19 and temporary suspension of GATT-bound tariff concessions was to occur 30 days after notification of GATT parties.

A wide range of imports from Europe — including white wine, beer, fruit juice, and candy — are covered by the U.S. quotas. Pork, cheeses, vegetables, olives, white wine, liqueurs, gin, brandy, and hops are covered by suspension of previously accepted limits on tariffs.

The EC says that the restrictions accompanying enlargement will not cause U.S. exports to fall during 1986. The United States concurs. Thus, the initial U.S. action on quotas is also designed to have no immediate impact. U.S. quotas were first set at 120 percent of 1985 imports, except for white wine valued at more than $4 per gallon, for which quotas were set at 140 percent of 1985 levels. The United States Trade Representative has discretion to increase the quotas if they become restrictive.

As for the temporary suspension of U.S. promises not to raise tariffs, the United States can reinstate the promises if the EC provides "adequate compensation for the imposition of variable levies on imports of corn and sorghum into Spain, or if it is determined that other circumstances so warrant." The Trade Representative also has discretionary authority in this matter. There is a provision in the original announcement to increase duties to levels that will affect trade if no compensation agreement is reached by July 1.

U.S. Exports to the EC Targeted for Possible Retaliation

Horse meat
Offals (beef)
Honey
Fresh foliage
Dried fruit
Sunflower seed
Tallow
Grapefruit juice
Pineapple juice
Orange juice
Canned corn
Beer
Wine
Soy meal
Corn gluten feed
Almonds
Wheat
Rice

Source: EC Commission

EC Counters That U.S. Industrial Exports Gain

The EC immediately responded to the March 31 announcement of U.S. retaliation with a list of products for counter-retaliation and a promise to mirror every U.S. action. In the event that the United States increases tariff levels on July 1, the EC has targeted soybean meal, corn gluten feed almonds, wheat, and rice for some response, depending on the U.S. action taken.

The Community's response to the May 15 U.S. announcement was to set up a surveillance system for selected EC imports from the United States. This means that the EC will monitor imports of specific products monthly to be prepared for any retaliation that it may decide upon.

In announcing the surveillance system, the EC indicated that so long as U.S. actions do not actually limit EC exports to the United States, there will be no real limitation on U.S. exports to the EC.

Article 24, section 6, of GATT provides for negotiation and compensation when a customs union such as the EC is enlarged and there is a resulting increase in tariff rates, subsidies, or quotas. The treaty directs that due account be taken of compensation already afforded by reducing other duties.

EC and U.S. officials held preliminary discussions of compensation under Article 24:6 in Geneva on May 2, followed by further discussions at the end of May and in June. The EC claims that Spain and Portugal's joining the EC will reduce tariffs on U.S. industrial-product exports more than any losses that result for agriculture.

The United States has replied that while tariffs on industrial goods are decreased for U.S. suppliers to Spain and Portugal, they will be decreased even more for competing EC suppliers — so that there will be no net benefit to the United States to offset losses in agricultural trade. Furthermore, U.S. negotiators have rejected the principle of offsetting across sectors.

While some reductions in U.S. farm exports to Spain and Portugal were avoided by judicious Spanish stockpiling in early 1986, the threat to U.S. grain exports is clear. The threat to oilseeds depends more on overall change in the CAP than on the accession of Spain and Portugal. However, acceptance of marketing limitations now might set a precedent for further restrictions later. [*Mark D. Newman (202) 786-1719*]

Upcoming Releases from the Agricultural Statistics Board

The following list gives the release dates of the major Agricultural Statistics Board reports that will be issued by the time the July *Agricultural Outlook* comes off press.

July

1	Poultry Slaughter
2	Dairy Products
3	Celery
10	Noncitrus Fruits/Nuts-Midyear Supplement Turkey Hatchery
11	Crop Production
14	Mink
16	Milk Production
18	Vegetables
21	Catfish
22	Farm Production Expenditures, 1985
23	Eggs, Chickens, & Turkeys
25	Cattle on Feed Cattle Livestock Slaughter Cold Storage
28	Peanut Stocks & Processing
31	Egg Products Agricultural Prices

Recent Publications

Recent Publications

The following reports are available FOR SALE ONLY from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Order by report title and number. Make checks payable to Superintendent of Documents. Prices subject to change. Bulk discounts available. For faster service or further information call GPO's order desk at (202) 783-3238 and charge your purchase to your VISA, MasterCard, Choice, or GPO Deposit Account.

Double-Cropping Wheat and Soybeans in the Southeast: Input Use and Patterns of Adoption. AER-552. June 1986. (Price $1.25.) Stock Number: 001-019-00453-3.

Provisions of the Food Security Act of 1985. AIB-498. April 1986. (Price $5.50.) Stock Number: 001-019-00461-4.

South Korea: An Export Market Profile. FAER-216. May 1986. (Price $4.00.) Stock Number 001-019-00427-4.

Policymaking for U.S. Commodity Programs: A Case Study of the Coarse Grains Sector. FAER-219. May 1986. (Price $1.75.) Stock Number 001-019-00439-8.

What Attracts New Residents to Nonmetro Areas? RDRR-56. April 1986. (Price $1.00.) Stock Number: 001-019-00430-4.

Transportation

FRESH PRODUCE SHIPPING OUTLOOK

Transportation should be readily available for this summer's fresh fruit and vegetables. Trucks will remain in good supply and account for more than 86 percent of all overland fruit/vegetable shipments.

Although the refrigerated trailer fleet will stay large, fewer refrigerated trailers were delivered through March 1986 than during the same months of 1985. Deliveries of new vehicles for the year are now estimated at 17,700 units, 25 percent below 1984's record but still above the 1980-85 average.

Much of the new equipment consists of 48-foot vans, which offer 6 to 11 percent more carrying capacity than 40-foot vans. Operating costs for large vans are not appreciably higher, so substantial gains in efficiency are available from the new trailers.

The market share of trailers-on-flat-cars (TOFC) appears to have leveled off at about 6 percent. Between 1981 and 1982, their share more than doubled. At that time, some observers suggested that TOFC's might substantially reduce trucks' dominant position, but this has not proven true.

Many railroads have reported that TOFC traffic is no more than marginally profitable. A recent study by the consulting firm of Temple Barker & Sloane, Inc., indicates that TOFC traffic using 40-foot vans (for which most flat cars are configured) is competitive with the new 48-foot trucks for distances greater than 1,175 miles. But, truckers pulling two 28-foot trailers retain an advantage over TOFC for distances up to 1,700 miles. All this suggests that TOFC's market share of produce distribution will not change much in the forseeable future.

A number of new TOFC car designs are now being evaluated, but radically different cars are unlikely to enter the rail fleet in significant numbers for the remainder of this decade.

Trucks' Flexibility and Size Give Them Competitive Edge

Trucks offer produce marketers several advantages over competing modes. Much of the edge is related to the highly perishable nature of many produce items. Advantages include the following:

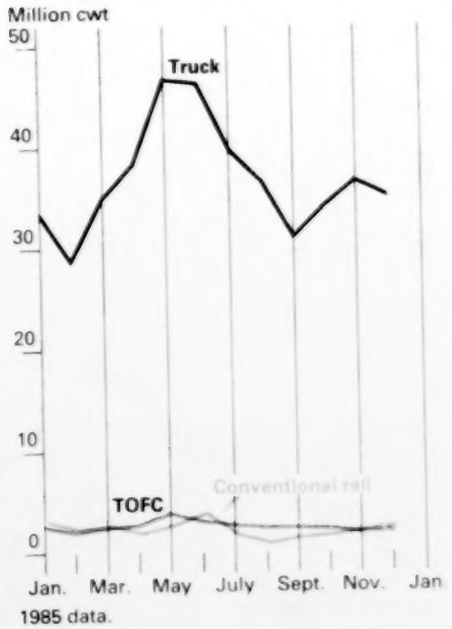
Rapid Transit. Truckers guarantee delivery from Salinas, California, to New York City within 80 hours. Some TOFC trains now offer 72-hour service between California and Chicago. But, unloading a trailer from its flat car and transporting it to the final destination requires additonal time and expense. Conventional rail shipments often require 10 or more days for a transcontinental trip. Trucks' rapid service results in increased shelf life for highly perishable items such as lettuce.

Trucks can also be placed in the field at harvest and begin their trip immediately after loading. While TOFC trailers can be filled in the field, they still must be loaded onto flat cars, and unloaded at destination. The first trailer loaded onto a flat car does not move until the last trailer is loaded and the train leaves, often a matter of several hours.

For each type of produce, there is an optimum temperature and relative humidity. Produce truckers can easily and frequently check the condition of the load and make temperature and humidity corrections. As a result, produce shipped by truck is more likely to arrive at destination in good condition.

Scheduling and rescheduling. — Since the growing rate of fresh fruits and vegetables depends chiefly on weather, harvest times are relatively unpredictable. A grower may have as little as 24 hours' notice that a given field will be ready for harvest. Packers, who arrange for most transportation, have even less notice.

Trucks Haul Lion's Share of U.S. Produce



1985 data.

Scheduling for trucks requires only a call from a single packer to a single truck driver, so arrangements can be made rapidly. Communications are more complex for the other modes.

The time of arrival at destination is equally important. Produce arriving at a terminal market after the market closes (most are closed by 9:00 a.m.) will remain unsold until the following day. Truckers have considerable ability to vary both their departure and arrival times, while railroads must conform to complex, system-wide schedules. In the case of transcontinental shipments, more than one railroad is involved and precise scheduling among railroads has proven very difficult to achieve. It should be noted that the "just-in-time" concept of inventory control, recently popularized by Japanese auto manufacturers, has existed in the produce marketing industry for at least 20 years.

Unlike train cars, trucks can also be rerouted without delay after departure. A driver normally calls either the packer or the buyer (whoever controls the shipment) about twice daily. At these times the truck can be directed to

Shipments of Fresh Produce

Year	Conventional rail	TOFC 1/	Truck	Shipments 2/
		Percent		1,000 cwt
1981	8.4	2.8	88.7	8,919
1982	8.0	4.1	87.9	8,934
1983	8.8	5.6	85.5	8,703
1984	7.4	5.9	86.6	9,681
1985	5.9	6.3	87.9	9,702
1986 3/	6.0	6.4	87.5	9,260

1/ Trailer on flat car. 2/ Average weekly volume.
3/ Preliminary (through April).
Source: AMS, USDA

How and Where Produce Was Shipped Last Year

State of origin	Conv. rail	TOFC	Truck	Total	State share of total
			- Percent -		
California	5.4	10.8	83.8	100.0	41.1
Florida	0.0	6.2	93.8	100.0	13.7
Washington	7.1	5.5	87.4	100.0	6.4
Arizona	1.9	11.0	87.2	100.0	4.5
Idaho	43.9	0.5	55.5	100.0	4.4
Other States	4.0	0.2	95.8	100.0	29.9
Total	-	-	-	-	100.0

Distribution of Receipts of Five Produce Items* by Mode, Selected Cities

City	Rail	TOFC	Truck	Total
		Percent		
New York-Newark	15.6	40.1	44.3	100.0
Chicago	6.1	49.5	44.4	100.0
Balt.-Wash.	6.8	9.8	83.3	100.0
St. Louis	12.3	0	87.7	100.0
Los Angeles	1.1	0	98.9	100.0

*Apples, iceberg lettuce, oranges, table potatoes, and tomatoes.

Baltimore-Washington Produce Receipts

	Truck	TOFC
	Percent of total	
Iceberg lettuce		
California	49	12
Arizona	14	2
Florida	5	-
Other States	16	14
Total	84	14
Oranges		
California	54	9
Florida	30	5
Other States		
Total	84	14

a different destination if necessary. Although railroads pioneered a similar service, known as diversion-in-transit, they have less ability to divert.

For a railroad to divert a car, the car must be in a rail yard. The process involves stopping the through train, removing the car to be diverted, and waiting for it to be placed in a train bound for the new destination. Thus, diversion-in-transit for railroads is costly, time consuming, and subject to error. In contrast, the rerouted trucker needs only drive to the next appropriate intersection and turn onto the new route.

Size of shipment. — The refrigerated rail cars now in common use are of two sizes, 83-ton and 66.5-ton capacity. Most markets are unable to absorb an entire carload of certain produce items. For example, a capacity load of strawberries for the smaller size car would amount to 133,000 1-pint boxes. A similar load of radishes would amount to 332,000 6-ounce bags. In some instances, more than one kind of produce can be shipped in a rail car or trailer, but opportunities for mixed loads are limited.

Trucks, with an average capacity of 22.5 tons, offer a more convenient marketing unit for produce, especially because the microclimate inside the shipping vehicle must be adapted to the particular fruit being shipped. The ideal climate for one item may induce premature spoilage in another. For example, the proper amount of ethylene supplied to an orange turns the skin orange, but an excess will rapidly spoil the fruit.

California Leads Both TOFC & Truck Shipments

Two States, California and Florida, accounted for nearly 55 percent of all fresh fruit and vegetable shipments in 1985. Of these two, California was by far the larger, with 41 percent of all shipments. The third largest produce State, Washington, accounted for slightly more than 6 percent. California and Florida ranked first and second in volume shipped by truck and TOFC. California was the largest conventional rail shipper, but Idaho — fifth ranked in total shipments — was second in conventional rail shipments. Idaho's rail volume, one-third of all rail shipments, approached that of California (38 percent).

Each State's distribution pattern results from the kind of produce shipped and the distance from usual markets.

About 67 percent of California's conventional rail shipments are of so-called hardware items—carrots, oranges, and potatoes. These vegetables spoil less easily than most others. Idaho's conventional rail shipments consist chiefly of onions and potatoes. Both States are located long distances from Eastern population centers. Thus, California and Idaho shippers of hardware items find regular rail service to distant markets sufficient for their needs.

Moreover, locally grown supplies of carrots, onions, and potatoes are available at least seasonally in most Eastern markets. To remain competitive with local items, Western hardware growers must use relatively low-cost rail service.

Thus, conventional rail shipments are associated with long distances and hardware produce. TOFC tends to offer more rapid transit times. In 1985 nearly half of all produce shipped by TOFC consisted of three items: iceberg lettuce (27 percent), oranges (15 percent), and celery (6 percent). It seems likely that TOFC competes chiefly with conventional rail service.

Distance, Perishability Set Shares at Terminals

Market share among the modes at terminals is chiefly a function of how far away the various produce items were grown. Most of New York-Newark's rail receipts are potatoes grown in Idaho. TOFC receipts consist chiefly of iceberg lettuce and oranges from California. Maine is the source of most potatoes arriving by truck.

TOFC is competitive with trucks in Chicago in delivering California-grown lettuce and oranges, which together account for most of the TOFC deliveries to Chicago. Chicago draws heavily on the upper Midwest for potatoes, which arrive by truck.

In Baltimore-Washington, TOFC arrivals compete with truck deliveries from Florida. Production in Florida is highly seasonal. Baltimore-Washington receipts are shown in the adjacent table.

St. Louis is located too near Western producing areas for TOFC's to be competitive, and has access to vegetable-producing areas in nearby States. Rail receipts in St. Louis consist chiefly of hardware items grown in Idaho and the upper Midwest.

Los Angeles, located close to California producing areas, relies nearly exclusively on trucks. Its rail receipts consist chiefly of Oregon-grown potatoes.

Truck Costs, Rates Often Show Discrepancy

Produce rates are highly seasonal, conforming to large fluctuations in volume shipped. During the first 5 months of 1986, rates from California have averaged 3-4 percent above the same period last year. Average rates from Florida and Washington for grapefruit and apples have been unchanged.

Costs of operating produce trucks (as reported by USDA's Office of Transportation) declined sharply for both owner-operators and fleet operators during January-April 1986, chiefly from lower fuel costs. Between December and April, both owner-operators and fleet operators saw 25-percent reductions in per-mile fuel costs, to 20.3 and 19.9 cents, respectively.

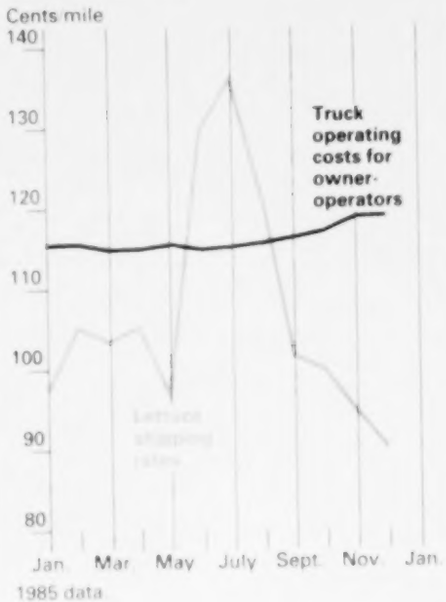
Despite the break in operating costs, rates for highly perishable items are expected to rise as the summer vegetable harvest goes into full swing. Rates for hardware items are expected to remain nearly constant at least until fall.

Truck rates are not closely related to costs in the short run. During 1985, lettuce rates (California to New York) averaged 106.9 cents per mile, while truck costs averaged 116.1 and 117.0 for owner-operators and fleet operators, respectively. From this it might seem that truckers regularly haul produce for rates that do not cover full costs. But, peak rates and peak volumes shipped occur together.

At peak harvest last year, trucks hauled 21.3 million cwt of lettuce at rates of about 136 cents per mile, with per-mile costs of less than 117 cents. So, on a total revenue and total cost basis, truckers appear to have nearly broken even on produce hauls in 1985.

It should also be noted that produce truckers back-haul manufactured goods toward produce-growing areas. Revenues from these hauls at times subsidize produce shipments. During peak harvest times, however, revenues from produce may subsidize manufacturers' shipments. [*T.Q. Hutchinson (202) 786-1864*]

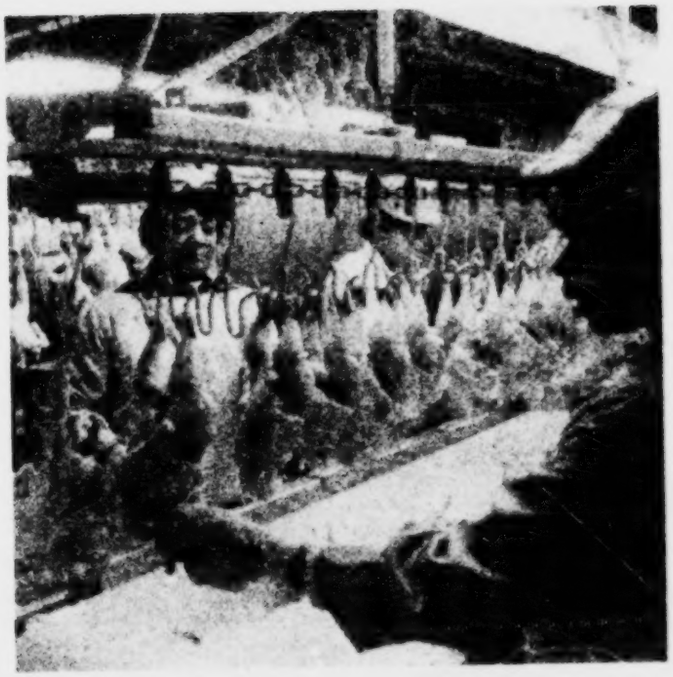
Lucrative Summer Hauls Put Lettuce Truckers into Black



Upcoming Economic Reports

Summary Released	Title
July	
11	World Ag Supply & Demand
14	Sub-Saharan Africa
15	World Food Needs & Availabilities
16	China
17	Economic Indicators of the Farm Sector
18	Agricultural Outlook
21	Oil Crops Yearbook
22	Dairy Yearbook
23	Fruit Yearbook

Summaries are released electronically on the dates indicated; the full reports, including tables, may also be accessed 2 to 3 days later. For details, call (301) 982-6662.



Prosperity in Parts: Changes in the Broiler Industry

Since World War II, broilers have grown more important in the total meat industry. Fryers used to be just the young roosters from the egg-laying flocks. But, during the 1950's, new technology, improvements in breeding, and disease control made it possible to raise birds year-round in large confinement houses. This set the stage for the growth of integrated poultry operations that combine hatching, feed production, bird grow-out, and slaughter.

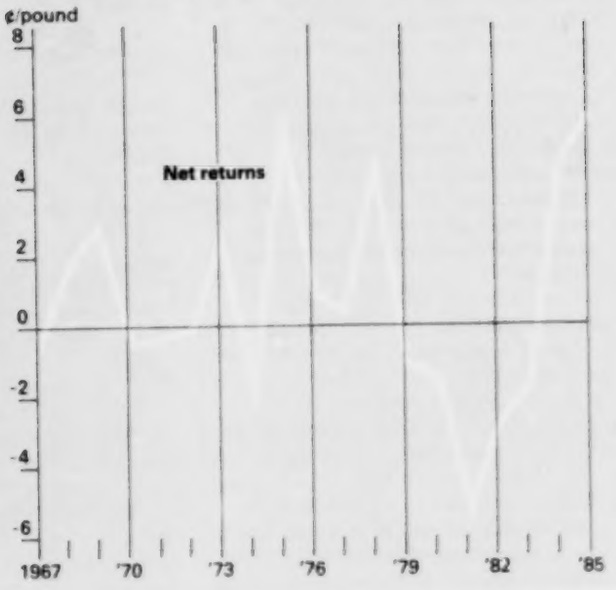
Integrators maintain ownership of the birds, determine the feed, and market the birds. The integrators, which began mainly as hatcheries or feed companies, typically do not own the grow-out portion of operations, but contract with farmers to house and raise the birds.

Integrators Adapt Quickly

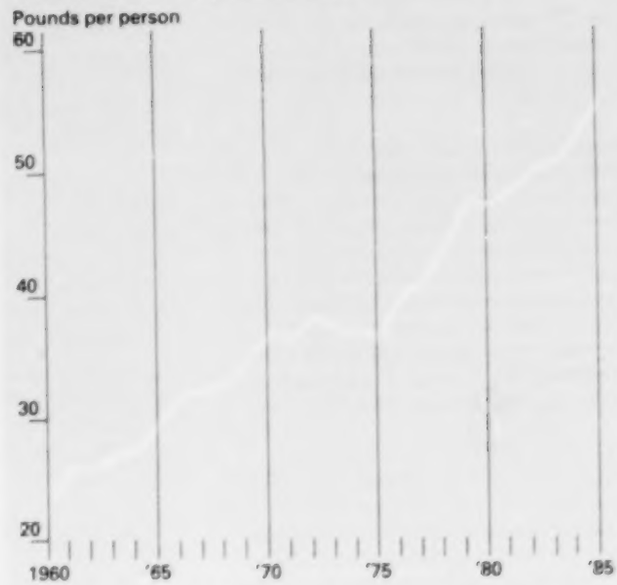
This system means that changes in demand from retail chain buyers or food service purchasers can be incorporated directly by the integrator, who controls the whole process and the final product. The integrators have also continually adopted new technology and lowered their costs of production. They have been able to expand production for most of the last 25 years, while still keeping broilers competitively priced. The farm price of broilers was near 29 cents per pound in 1952. In 1985, the price was slightly over 30 cents.

The combination of a competitively priced product and expanded production has resulted in increased consumption. Consumption in whole bird ready-to-cook equivalents was 23 pounds per person in 1960, but by 1985 it had increased to 55 pounds.

Broiler Returns Often Negative. . .



. . .Despite Climbing Consumption



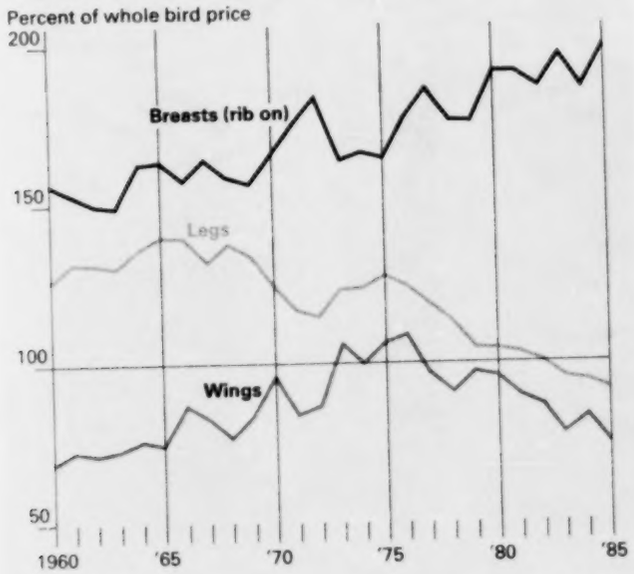
The gains in per capita consumption mean that the number of broilers raised sets a new record almost every year. In 1985, 4.5 billion birds were produced, up from 4.3 billion in 1984. By comparison, only 1.8 billion broilers were raised in 1960.

Slaughter Weights Up

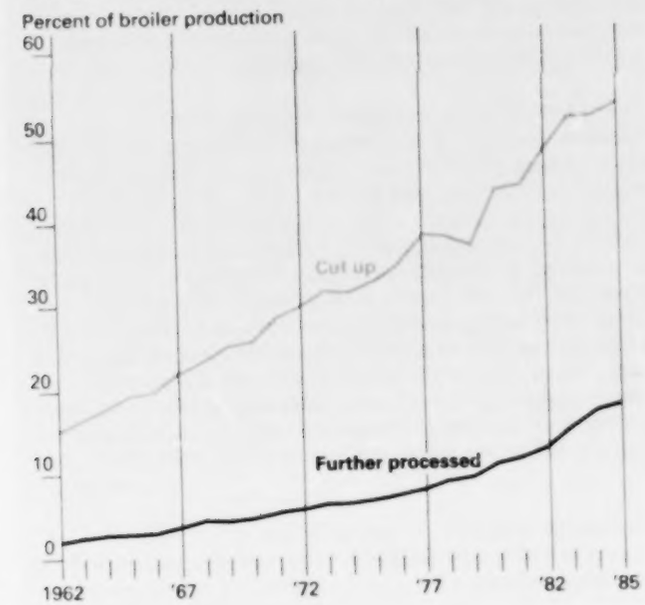
In addition, the birds are now slaughtered at heavier weights. In 1960, the average federally inspected slaughter weight of young chickens was 3.36 pounds; in 1985, it was 4.19 pounds. Part of the reason for the heavier birds is producers' desire to get more high-valued breast meat. Also, the bigger birds cost less per pound of meat to debone.

Broiler firms are highly competitive. The estimated net

Price for Breast Meat Twice That for Whole Birds by 1985



Over Half of All Broilers Now Cut Up or Further Processed



returns to producers selling whole birds at wholesale have been negative in 10 of the last 19 years. Because of the tight profit margin, firms have aggressively adopted new technology to cut costs. Also, they have shifted production from commodity unbranded birds to higher valued branded birds, parts, and further-processed products.

The competition has forced the less efficient firms out of business. Firms accounting for 90 percent of production numbered 45 in 1985, down from 68 in 1977 and 104 in 1972. In 1985, nine firms with 67 plants accounted for over half of the liveweight broilers slaughtered under Federal inspection. In addition, all of the top eight firms did further processing of broilers. The number of firms is expected to continue to decline.

Chicken Nuggets Turn To Gold

Further processing of young chickens is on the increase. Hot dog and sausage-type products were added to many poultry lines in recent years. Now, trade shows are highlighting machinery for further processing poultry into nuggets and patties — products that are chopped and formed.

The chopped and formed technology is appealing because low-valued cuts can be converted to higher priced products. The new products have characteristics much closer to fresh meat cuts. They are viewed as more healthful than the ground, sausage-type products and are in demand. Marketed by brand name in frozen food cases, they are designed for quick meals.

Producer-processors have a strong market for chicken breast meat and would like to find higher value uses for the remainder of the chicken. The "sausage kitchen" items, such as chicken dogs, use the chicken parts that are best mechanically deboned — backs and necks. A similar end product is needed for legs and wings.

A comparison of wholesale prices for whole broilers and for parts gives an idea of the relative appeal of new uses for the parts. In 1960, prices per pound for breasts with ribs were about one-and-a-half times the price of whole broilers. But, by 1985, breast prices were almost twice the whole bird price. The upward trend in breast prices reflects the addition of various breast meat entrees in restaurants, especially fast-food restaurants.

Chicken leg prices were about 25 percent higher than whole birds in 1960, but by 1985 they stood 8 percent below whole birds. Prices for chicken wings, although up in the mid-1970's, have been below whole birds during most of the period. Thus, there is a price incentive for processors to find additional uses for the nonbreast part of the broiler.

18 Percent of Total Slaughter Is Now Further Processed

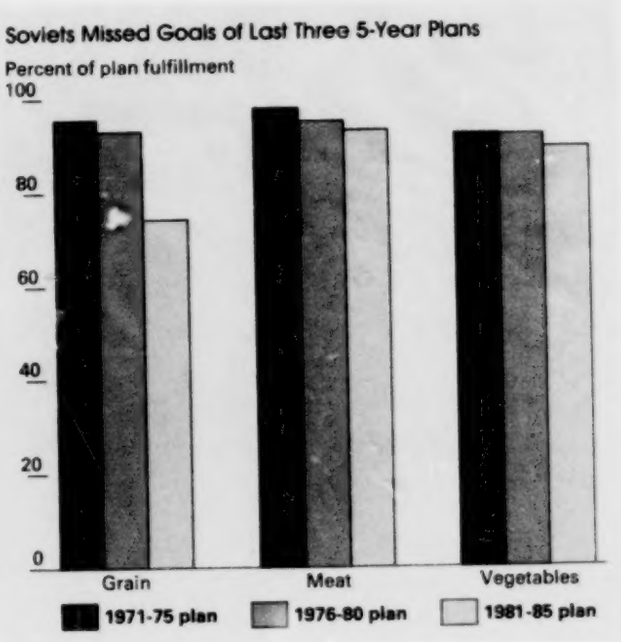
The poundage of further-processed young chickens has been increasing in both absolute terms and as a proportion of total slaughter. The biggest jump as a proportion of total slaughter has been in the last 5 years. In 1980, the pounds used in further processing equaled 11 percent of total young chicken slaughtered. By 1985, further-processed poundage was up to 18 percent of total slaughter.

In addition to further processing, more young chickens are being cut up. In the early 1960's, cut-up young chicken equaled about 20 percent of slaughter. By 1985, the share was 54 percent.

Another trend that will likely continue is the addition of turkey or red-meat processing operations by broiler firms. Those firms with a reputation for product innovation and consistent quality may horizontally integrate at the wholesale level to present a full line of further-processed products with a recognized name. With a full line, salesmen have more of an opportunity to talk to buyers and sales may be made in truck loads, cutting delivery costs. Thus, firms may move toward being food processors more than broiler producers. [*Allen Baker (202) 786-1830*]

Courtesy of TASS/Sovfoto

New Soviet Farm Policy Could Trim Grain Imports



The Soviet Union recently announced policy and organizational changes aimed at improving efficiency and production in agriculture. A major goal is to decrease reliance on imports. Agricultural imports have grown rapidly in recent years, as the Soviets have tried to maintain growth in per capita consumption despite poor domestic production. If the recent policy changes do spur agricultural growth, U.S. agricultural exports to the Soviet Union — which have more than quadrupled since 1972 — could be threatened.

Long-term prospects for U.S.-USSR agricultural trade depend upon a number of factors, including U.S. prices in world markets and Soviet hard-currency earnings. The most important factor, however, is Soviet domestic production.

Growth Slow for a Decade

Soviet agricultural output has grown only a little more than 1 percent annually over the last decade, less than half the rate of the preceding 10 years. Western specialists argue that centralized decisionmaking has hurt both Soviet farm production and efficiency, especially in recent years.

In the Soviet system, farms are ordered to produce certain crops, using specified inputs allocated by the state, with final output largely sold to the state at set prices. The commonly identified drawbacks of this approach are that farmers have little financial incentive to increase production, introduce new cropping techniques, or plant new crops.

Farmers also have few reasons to economize on input use, or develop and apply new technology. Moreover, since the state purchases most output at set prices, marketing and quality are of little concern to the farmer.

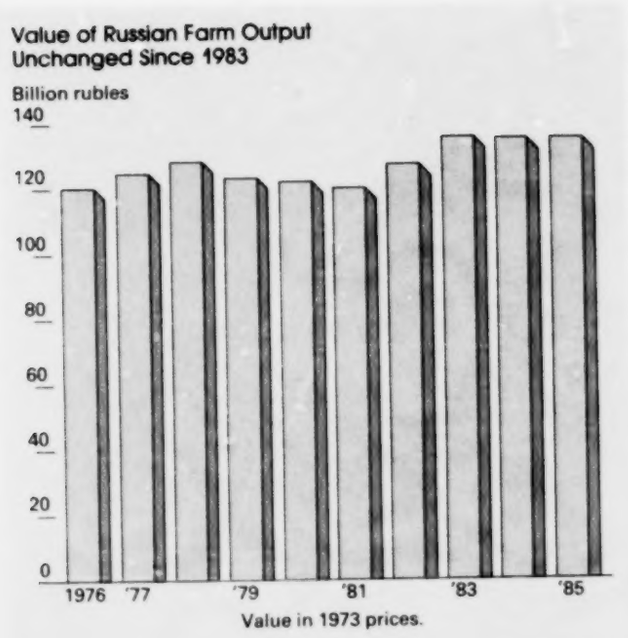
In addition, the different agricultural subsectors — farm input manufacturing, agricultural production, and food processing — lack incentives to cooperate, because each is planned and evaluated separately.

For example, industries producing inputs, such as machinery and chemicals, have no direct incentive to provide productive and reliable inputs to the farms. Should the farms find the inputs unsatisfactory, there is no direct, effective signaling mechanism for them to inform manufacturers. Farms cannot refuse to purchase the inputs, find other suppliers, or purchase competing products. The fact that central authorities evaluate performance largely on quantity, rather than quality, worsens the situation further.

Infrastructure Weak

Similar coordination and cooperation problems exist between the processing sector and the farms. Lack of roads, vehicles, and storage complicates this stage. Recent estimates suggest that if the Soviets could lower waste and losses from harvesting, processing, and transportation to reasonable amounts, consumption could increase up to 20 percent. The Soviet leadership feels that the infrastructure difficulties are related to unbalanced investment in the agro-industrial sector. Poor coordination of investment levels and lack of cooperation between the input, farming, and processing sectors cause inefficiency.

Soviet leaders have identified many of the problems affecting agriculture and believe that adjustments to the centralized system can improve output significantly. Recently announced policy and organizational changes reflect their belief. These changes fall in line with an earlier program, announced in May 1982, that formed organizations at



local, republic, and national levels to bring together participants from all three major parts of the agro-industrial sector. These organizations had little official power, but were designed to improve communication among participants.

Earlier Program Ineffective

By mid-1985 it was obvious that the new organizations were not working. They had little power to force collective decisions on unwilling members, and their decisions were often heavily influenced by powerful special interest groups that dominated other members.

One difficulty was that members of a group could be asked to transfer a product or service within the organization, rather than sell it to the state as part of their procurement plans. The idea was that these intra-organizational transfers would increase output of products which that organization or its dominant members saw as particularly important.

Some members refused to cooperate because in many cases the price they received for the transfer was less than the state procurement price. Also, because of the transfer, the member could lose plan fulfillment bonuses.

Meanwhile, those members receiving the transfers could prosper, in terms of either plan fulfillment or increased profits from cheaper inputs, with the boost coming at the expense of the transferring member. In the end, necessary infrastructure continued to be underfunded, farm inputs remained of low quality, there was still little incentive to increase output or conserve on input use, and significant waste and losses continued at all stages.

New Super-Ministry Created

In late 1985, following 3 years of stagnation, the Soviets combined most of the agro-industrial sector's formerly independent ministries into one, called "Gosagroprom" (State Agro-Industrial Committee). Gosagroprom has the role of a super-ministry, with full powers for planning output, input, and investment allocations among its members — something the original voluntary organizations did not have.

The goal of Gosagroprom is to prevent individual agro-industrial participants from maximizing their own production at the expense of the overall sector's performance. The chairman of Gosagroprom is responsible for the entire sector's performance, and thus has incentive to coerce cooperation among members.

Although Gosagroprom represents a significant centralization, its authority does not extend to input or processing industries. It does include the organization responsible for transferring inputs from manufacturer to farms, but this organization can influence only the timeliness of deliveries, not technical designs or quality. Gosagroprom's relationship to the food processing sector is similar. Gosagroprom contains only the organizations that transfer farm produce to the processing industries. Thus, it can only minimize losses during harvest and shipment, not during processing.

Gosagroprom has the unenviable task of improving agro-industrial performance by centralized administrative fiat. Although its decisions, because of better information, are supposed to be better than those made under the previous system, it still faces many of the old problems. It may prompt bureaucrats to improve their performance, and provide farms with inputs and services on time. However, it gives little direct incentive to the farms to increase output, use inputs more efficiently, or introduce new techniques. Nevertheless, some marginal improvement in performance could come from better coordination among Gosagroprom members.

Prodnalog Reintroduced

Besides creating Gosagroprom, the Soviets have reintroduced a policy sometimes referred to as "prodnalog" (food tax), which attempts to stimulate production at the farm level. Prodnalog was originally initiated by Lenin in 1921 to boost output.

At that time, the policy required farmers to turn 5 to 17 percent of their net production over to the state. The rest could be disposed of as the farms desired — to the state, a cooperative, or in private markets. Thus, farmers had greater reason to increase production, and during 1922-23 over 75 percent of the value of retail trade was handled by private sources. Currently, private sources account for only 2.6 percent of retail trade.

Under prodnalog, agricultural production grew rapidly. Despite the progress, though, the policy was effectively abolished by 1929, because the Government came to see that it could not control the relative development of agriculture and industry under a market environment. In the official view, agriculture's development was occurring at the expense of industry.

The more recent pronouncements on prodnalog are not very specific. Farms will be allowed to market above-plan production through any of three outlets: the state, the consumer cooperative, or a collective farm market. The

freedom to dispose of above-plan output could be a powerful incentive, since prices in the cooperative are generally higher than state procurement prices, and collective prices are higher yet.

However, the Soviets are not likely to revise plan targets, which are probably unreachable. Under the original prodnalog, the state claimed 5-17 percent of actual production. Since the current prodnalog allows farms to control only output that is above plan targets, the out-of-reach goals may render prodnalog incentives relatively useless.

For important commodities such as grain and meat, output over the past 5 years has averaged 74 and 94 percent of target, respectively. Plan targets remain unrealistically high for 1986-90. Still, if farms do have significant production potential that has been untapped because of poor incentives, prodnalog could lift output substantially.

Even if production increases dramatically, though, bottlenecks will probably still appear in transportation, marketing, and processing. Furthermore, input industries may not be able to deliver the materials needed to lift production. Other potential constraints on increased output include declining soil fertility and highly variable weather.

At best, prodnalog could bring moderate improvement in production and deliveries of farm commodities. Farms already at or close to plan targets will have greater incentive to produce above plan and increase profitability. Consumers should benefit from more available food in cooperatives and collective farm markets. They will probably pay higher prices, however, than in the state retail system. The state will benefit from having more food marketed outside its retail network, allowing for increased consumption without steeper retail price subsidies.

Clearly, Gosagroprom and prodnalog could improve the Soviet agricultural system and help production and efficiency. But, at best they could bring moderate gains in production, in the range of a few percent. A few years of exceptional weather might raise production more than these policy and organizational changes.

Many Unknowns Affect Grain Import Outlook

Weather and other factors aside, even a moderate increase in domestic grain production could reduce Soviet grain import needs substantially. Long-term Soviet import growth will also be determined in large part by consumption targets.

Steady, substantial progress toward consumption targets is important for the Soviet leadership, even if actual attainment is not. In recent years, poor domestic production has forced the Soviets to import to improve per capita consumption or, in the case of meat, to simply maintain it. Since most Soviet grain imports are used in meat production, future meat consumption goals should heavily influence grain imports.

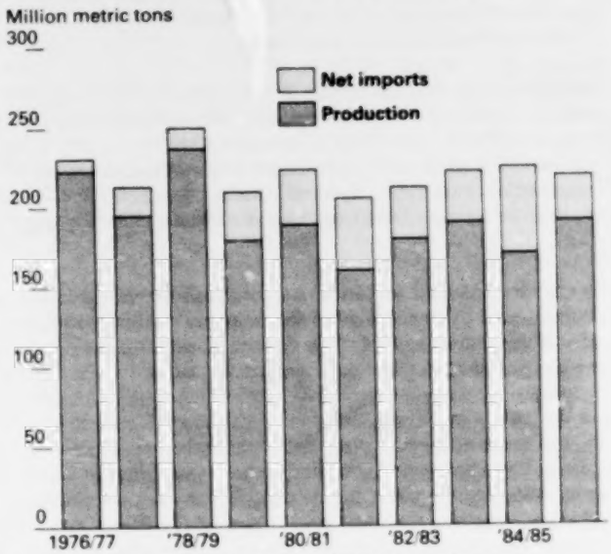
Grain import needs also depend greatly on domestic production growth. Moderate improvements over domestic output of the last 5 years with increased domestic consumption would still result in substantial grain imports by 1990, but less than the 42 million metric tons (mmt) averaged recently. If Soviet grain production reaches 220 mmt by 1990, and per capita meat consumption remains at 65 kilograms, grain import needs will drop by nearly 65 percent. However, imports could remain high even with better domestic output, if the state decides to raise per capita meat consumption to 70 kilograms by 1990.

Soviet Grain Import Needs in 1990

	Per capita meat consumption 65 kg	70 kg
	Million metric tons	
Scenarios		
I. Grain production remains at 178 million metric tons (the 1981-1985 average) through 1990.	57	76
II. From 178 million metric tons, grain production grows 3 percent annually through 1990, because of recent policy changes and a general growth trend.	28	47
III. Growth the same as scenario II, but base year estimates assumed to be 190 million metric tons.	15	34

Grain import needs represent the difference between total grain needs and total domestic production. Total grain needs are based on the historical relationship between grain production and meat production. Estimated 1990 population figures are used to estimate total meat production necessary to provide the per capita consumption levels used, accounting for waste and 1 million metric tons of meat imports.

Imports Make Up Shortfalls in Soviet Grain Output



Grain production estimated from 1981/82 through present.

Soviets Typically Are Big Grain Buyers

Since the early 1980's, the Soviet Union has consistently ranked as the world's largest importer of wheat and coarse grains — accounting for a whopping 17 percent of global trade in those crops. Although the Soviets imported large amounts of grain during the middle 1970's, they began steady imports of even bigger quantities in 1979, when their own production fell 25 percent.

For various reasons, USSR grain outturn has fallen well short of domestic targets; in the early 1980's, actual or estimated production was annually about 40-50 million tons below unreachable state goals. Imports, which fluctuate inversely with domestic production, peaked in 1984/85 at over 55 million tons, an unprecedented 27 percent of global sales.

Despite its failure to reach state targets, the Soviet Union typically ranks as one of the largest wheat producers in the world. However, the Soviets chronically have quality problems. Also, they feed much of this lower quality wheat to livestock — over 40 million tons annually the last 6 years, compared with 10 million in the United States. These factors have led the USSR to import large amounts of wheat for food consumption.

Wheat imports since 1979/80 have averaged about 19 million tons a year, accounting for about 20 percent of total world wheat trade. No other country — including China, which in earlier years purchased large amounts — comes close to that level. The Soviets also export over 1 million tons of wheat annually, most going to Eastern Europe.

In a typical year, the Soviets purchase 12 to 18 million tons of coarse grains, mainly corn from the United States, China, and Argentina, and barley from the EC, Canada, and Australia. They are surpassed only by Japan, which relies more than any other country on imported grain. Soviet purchases have jumped sharply in 2 recent years — to 26 million tons in 1981/82 and 27 million in 1984/85 — when production shortfalls were especially large.

Since 1979/80, Soviet purchases have comprised 19 percent of world coarse grain trade, ranging from 27 percent in 1984/85 to 12 percent in 1982/83. Poor grain outturn and limited nonstrategic grain reserves have necessitated big imports to maintain or increase meat and dairy production.

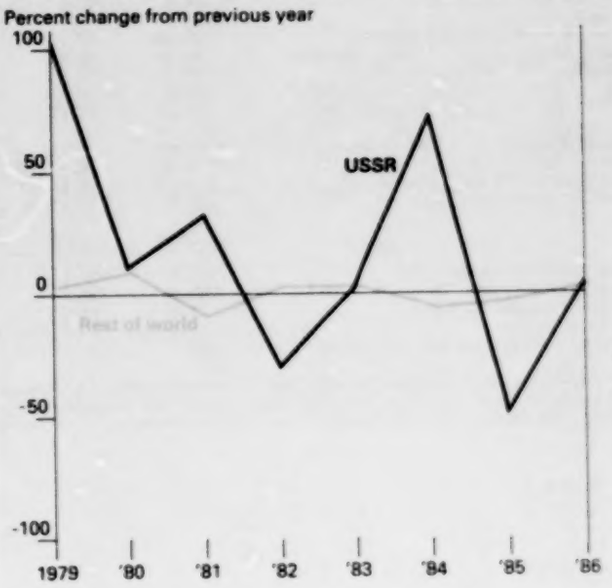
Continued depressed oil and gas prices, coupled with potential declines in energy sales to Western Europe, will cause some financial concern to Soviet planners. Nonetheless, USSR grain imports from the world — and from the United States — will probably remain high for at least the next several years. [*James Cole (202) 786-1691*]

Soviet Per Capita Consumption of Selected Foods

Year	Meat and fat	Grain 1/	Vegetables and melons
		Kilograms	
1975	57	141	89
1976	56	141	86
1977	56	139	88
1978	57	140	92
1979	58	138	98
1980	58	138	97
1981	57	137	99
1982	57	137	101
1983	59	134	102
1984	61	133	102
1990 plan	70	135	126-135
Consumption norm 2/	82	115	130

1/ Flour equivalent. 2/ What the Soviets consider to be desirable.

USSR Accounts for Most of Variation in World Grain Trade



Clearly, predicting Soviet grain import needs is hazardous given the large number of variables. The scenarios in the accompanying table, while not attempting to predict import needs, do supply some useful boundaries.

The recent changes in agricultural policy and organization could improve domestic production. Nonetheless, radical improvement is unlikely because many other negative factors remain. Grain import needs could remain substantial even if domestic production strengthens. And, annual weather variations could cause large increases in imports if domestic stocks do not rise. Which exporting nations capture large shares of these needs will be determined by relative prices, world supply, and Soviet hard currency supplies. [*Robert B. Koopman (202) 786-1710*]

Summary Data

Table 1.—Key statistical indicators of the food and fiber sector

	1985				1986				
	II	III	IV F	Annual F	I F	II F	III F	IV F	Annual F
Prices received by farmers (1977=100)	130	123	126	129	122	119	122	122	121
Livestock & products	135	129	136	136	133	128	135	141	134
Crops	125	117	115	121	111	110	109	102	108
Prices paid by farmers, (1977=100)									
Prod. items	152	149	149	151	149	145	144	143	145
Commodities & services, int., taxes, & wages	164	162	162	163	163	160	160	159	160
Cash receipts ($ bil.) 1/	134	134	163-165	142-144	133-137	122-126	125-129	135-139	129-133
Livestock ($ bil.)	67	68	71-73	68-70	67-71	62-66	67-71	70-74	67-71
Crops ($ bil.)	67	66	91-93	73-75	64-68	58-62	57-61	63-67	60-64
Market basket (1967=100)									
Retail cost	282	282	283	283	285	287	290	291	288
Farm value	237	229	236	238	227	222	232	240	230
Spread	309	313	310	309	319	325	324	320	322
Farm value/retail cost (%)	31	30	31	31	30	29	30	31	30
Retail prices (1967=100)									
Food	310	310	311	310	315	316	319	320	316-322
At home	297	296	297	297	302	302	305	306	300-306
Away-from home	346	349	351	347	354	356	358	360	355-359
Agricultural exports ($ bil.) 2/	6.8	5.7	7.8	31.2	7.4	6.2	6.7	7.8	27.5
Agricultural imports ($ bil.) 2/	5.0	4.6	4.9	19.7	5.3	5.0	4.8	4.9	20.0
Production:									
Red meats (mil. lb.)	9,869	9,931	9,814	39,136	9,551	9,930	9,805	9,347	38,633
Poultry (mil. lb.)	4,269	4,452	4,293	16,871	4,088	4,500	4,720	4,630	17,938
Eggs (mil. doz.)	1,408	1,408	1,442	5,688	1,421	1,410	1,420	1,455	5,706
Milk (bil. lb.)	37.5	36.8	35.6	143.7	36.2	38.3	35.4	34.0	143.9
Consumption, per capita:									
Red meats and poultry (lbs)	53.6	54.6	55.3	214.6	51.8	54.4	54.1	54.0	214.3
Corn beginning stocks (mil. bu.) 3/	4,623.2	2,835.5	1,648.2	1,648.2	8,614.7	--	--	--	3,986.0
Corn use (mil. bu.) 3/	1,788.8	1,188.4	1,899.5	6,530.0	2,039.8	--	--	--	6,975.0
Prices: 4/									
Choice steers--Omaha ($/cwt)	57.66	52.17	61.42	58.37	57.32	55-56	56-60	60-66	57-60
Barrows and gilts--7 mkts. ($/cwt)	43.09	43.62	45.05	44.77	43.30	45-46	45-49	43-49	44-47
Broilers--12-city (cts./lb.)	50.7	50.9	50.2	50.8	50.3	53-54	50-54	47-53	50-53
Eggs--NY Gr. A large (cts./doz.)	60.0	68.3	75.9	66.5	74.2	64-65	66-70	67-73	68-71
Milk--all at plant ($/cwt.)	12.50	12.17	12.60	12.73	12.37	11.90-12.10	12.20-12.60	13.15-13.75	12.40-12.70
Wheat--Kansas city HRW ($/bu.)	3.47	3.09	3.31	3.40	3.33	--	--	--	--
Corn--Chicago ($/bu.)	2.86	2.52	2.41	2.62	2.47	--	--	--	--
Soybeans--Chicago ($/bu.)	5.89	5.52	5.09	5.55	5.28	--	--	--	--
Cotton--Avg. spot mkt. (cts./lb.)	60.5	57.9	56.1	58.5	60.0	--	--	--	--

	1978	1979	1980	1981	1982	1983	1984	1985	1986 F
Gross cash income ($ bil.)	117.1	135.1	143.3	146.5	149.0	148.1	155.3	152-155	145-149
Gross cash expenses ($ bil.)	82.6	98.1	106.1	110.7	110.7	109.8	114.1	109-111	101-105
Net cash income ($ bil.)	34.6	37.0	37.2	35.8	38.3	38.3	39.2	43-46	42-46
Net farm income	27.4	31.7	20.2	29.8	24.6	15.0	34.5	29-32	26-30
Farm real estate values (1977=100)	109	125	145	158	157	148	146	128	112

1/ Quarterly data seasonally adjusted at annual rates. 2/ Annual data based on Oct.-Sept. fiscal years ending with year indicated. 3/ Dec.-Feb. first quarter; Mar.-May second quarter; June-Aug. third quarter; Sept. Nov. fourth quarter; feed year annual. Use includes exports and domestic disappearance. 4/ Simple averages. F = Forecast.

Table 2.—U.S. gross national product and related data

	Annual			1985				1986
	1983	1984	1985	I	II	III	IV	I r
	$ Bil. (Quarterly data seasonally adjusted at annual rates)							
Gross national product	3,401.6	3,774.7	3,988.5	3,917.5	3,960.6	4,016.9	4,059.3	4,121.3
Personal consumption expenditures	2,229.3	2,423.0	2,582.3	2,525.0	2,563.3	2,606.1	2,634.8	2,669.1
Durable goods	289.6	331.1	361.5	351.5	356.5	376.0	362.0	364.1
Nondurable goods	817.0	872.4	912.2	895.7	910.2	914.5	928.3	936.0
Clothing & shoes	135.2	147.4	156.0	152.8	156.3	155.7	159.4	162.0
Food & beverages	422.0	451.7	474.0	465.5	472.1	475.9	482.5	488.3
Services	1,122.7	1,219.6	1,308.6	1,277.8	1,296.6	1,315.6	1,344.6	1,369.0
Gross private domestic investment	501.9	674.0	669.3	657.6	672.8	666.1	680.7	715.4
Fixed investment	508.3	607.0	661.8	639.1	657.3	665.9	685.0	678.0
Change in business inventories	-6.4	67.1	7.5	18.5	15.5	0.2	-4.3	37.4
Net exports of goods & services	-5.3	-59.2	-78.5	-42.3	-70.3	-87.8	-113.4	-99.8
Government purchases of goods & services	675.7	736.8	815.4	777.2	794.8	832.5	857.2	836.6
	1982 $Bil. (Quarterly data seasonally adjusted at annual rates)							
Gross national product	3,277.7	3,492.0	3,570.0	3,547.8	3,557.4	3,584.1	3,590.8	3,623.5
Personal consumption expenditures	2,145.9	2,239.9	2,313.0	2,288.6	2,303.5	2,329.6	2,330.4	2,354.3
Durable goods	283.6	318.6	345.3	335.0	340.3	359.3	346.7	346.9
Nondurable goods	800.7	828.0	846.9	839.9	846.7	849.8	851.1	865.4
Clothing & shoes	132.7	142.8	146.9	145.0	147.4	146.9	148.1	153.1
Food & beverages	414.3	423.0	436.0	430.1	436.8	439.5	437.8	442.0
Services	1,061.7	1,093.3	1,120.8	1,113.7	1,116.5	1,120.4	1,132.6	1,142.0
Gross private domestic investment	503.4	661.3	649.0	639.6	655.6	645.0	655.7	680.7
Fixed investment	508.9	598.6	643.3	623.8	640.5	646.8	662.0	647.6
Change in business inventories	-5.5	62.7	5.7	15.8	15.1	-1.8	-6.3	35.0
Net exports of goods & services	-19.4	-85.0	-108.4	-71.8	-101.1	-119.8	-140.8	-130.3
Government purchases of goods & services	647.8	675.9	716.4	691.4	699.4	729.2	745.5	718.8
GNP implicit price deflator	3.8	4.1	3.3	3.0	3.3	2.9	3.3	2.5
% change								
Disposable personal income ($bil.)	2,425.4	2,670.2	2,800.8	2,739.2	2,817.7	2,800.2	2,845.9	2,894.5
Disposable per. income (1982 $bil.)	2,334.6	2,468.4	2,508.7	2,482.7	2,532.2	2,503.1	2,517.1	2,553.1
Per capita disposable per. income ($)	10,328	11,263	11,703	11,487	11,790	11,687	11,847	12,025
Per capita dis. per. income (1982 $)	9,942	10,412	10,483	10,411	10,595	10,447	10,479	10,607
U.S. population, total, incl. military abroad (mil.)	234.8	237.1	239.3	238.5	239.0	239.6	240.2	240.7
Civilian population (mil.)	232.6	234.9	237.0	236.7	236.7	237.2	237.9	238.4

	Annual			1985	1986			
	1983	1984	1985	Apr	Jan	Feb	Mar	Apr p
	Monthly data seasonally adjusted							
Industrial production (1977=100)	109.2	121.8	124.5	124.1	126.7	125.7	124.9	125.1
Leading economic indicators (1967=100)	156.0	165.8	169.1	166.7	173.7	175.1	176.6	179.2
Civilian employment (mil. persons)	100.8	105.0	107.2	106.9	109.0	108.6	108.8	108.9
Civilian unemployment rate (%)	9.6	7.5	7.2	7.3	6.7	7.3	7.2	7.1
Personal income ($ bil. annual rate)	2,836.4	3,111.9	3,293.5	3,288.6	3,386.3	3,401.7	3,407.5	3,446.9
Money stock-M2 (daily avg.) ($bil) 1/	2,188.8	2,373.7	2,565.8	2,434.4	2,569.1	2,576.8	2,591.3	2,621.6
Three-month Treasury bill rate (%)	8.63	9.58	7.48	8.00	7.04	7.03	6.59	6.06
Aaa corporate bond yield (Moody's) (%)	12.04	12.71	11.37	12.23	10.05	9.67	9.00	8.79
Housing starts (thou.) 2/	1,703	1,750	1,742	1,851	2,034	2,001	1,930	2,009
Auto sales at retail, total (mil.)	9.2	10.4	11.0	11.1	11.5	10.9	9.7	11.1
Business inventory/sales ratio	1.38	1.34	1.37	1.36	1.35	1.37	1.40	--
Sales of all retail stores ($ bil.)	97.9	107.8	114.5	114.3	117.3	117.2	116.2 p	116.8
Nondurable goods stores ($ bil.)	64.8	68.9	71.6	71.5	73.2	73.2	73.2 p	72.6
Food stores ($ bil.)	21.2	22.5	23.5	23.4	24.3	24.3	24.4 p	24.0
Eating & drinking places ($ bil.)	9.6	10.4	10.9	10.9	11.3	11.3	11.3 p	11.3
Apparel & accessory stores ($ bil.)	5.0	5.4	5.8	5.7	5.9	6.0	6.1 p	6.1

1/ Annual data as of December of the year listed. 2/ Private, including farm. p = preliminary. r = revised.

Information contact: James Malley (202) 786-1283.

Table 3.—Foreign economic growth, inflation, and export earnings[1]

	Average 1970–74	Average 1975–79	1980	1981	1982	1983	1984	1985 est.
				Annual percent change				
Total foreign								
Real GNP	5.0	3.7	2.6	1.6	1.7	1.9	5.0	3.2
CPI	10.2	14.0	16.1	15.3	14.4	18.4	21.7	21.5
Export earnings	27.5	14.6	22.6	-2.0	-7.7	-2.2	5.9	.6
Developed less U.S.								
Real GNP	4.8	3.1	2.3	1.3	1.1	1.9	5.4	3.0
CPI	8.4	9.4	10.9	9.6	8.1	6.1	5.1	4.7
Export earnings	23.9	14.9	17.0	-3.3	-4.2	-0.5	6.1	4.6
Centrally planned								
Real GNP	5.1	3.5	1.5	2.1	2.7	3.4	3.5	4.2
Export earnings	19.4	16.1	16.4	5.4	6.0	8.2	-3.1	0.5
Latin America								
Real GNP	7.4	5.1	5.3	.7	-.5	-2.7	3.0	4.1
CPI	23.5	55.7	61.3	64.9	72.6	126.2	174.2	179.6
Export earnings	28.1	12.8	30.1	4.4	-9.9	0	5.9	-3.5
Africa & Middle East								
Real GNP	8.9	6.5	1.3	0	1.4	.1	-.2	1.1
CPI	8.7	16.4	16.3	14.5	12.0	15.5	10.9	9.0
Export earnings	49.6	43.0	38.5	-6.7	-20.1	-17.3	-4.7	-1.6
Asia								
Real GNP	6.0	6.8	6.3	6.6	3.6	6.6	5.2	3.5
CPI	15.0	8.4	16.4	14.1	7.3	7.7	8.6	6.4
Export earnings	30.1	19.4	27.3	4.4	-.1	3.8	15.9	-2.9

1/ Export earnings measured in U.S. dollars.

Information contact: Arthur Morey (202) 786-1687.

Farm Prices

Table 4.—Indexes of prices received and paid by farmers, U.S. average

	Annual			1985		1986				
	1983	1984	1985 p	May	Dec	Jan	Feb	Mar	Apr	May p
					1977=100					
Prices received	135	142	129	130	128	124	122	122	121	124
All farm products	128	139	121	126	118	113	111	111	114	116
All crops	148	144	133	137	135	133	131	135	135	127
Food grains	145	145	122	133	113	114	113	113	113	117
Feed grains & hay	146	148	122	133	115	114	112	111	112	116
Feed grains	104	108	92	95	88	88	92	91	95	90
Cotton	155	153	156	157	146	146	145	143	142	141
Tobacco	102	109	84	88	76	77	78	78	78	78
Oil-bearing crops	128	203	187	190	178	160	154	150	146	157
Fruit, all	131	221	201	203	189	167	160	156	151	166
Fresh market 1/	130	135	130	115	178	158	117	126	147	161
Commercial vegetables	129	133	125	106	186	133	108	120	147	166
Fresh market	123	157	125	158	89	88	91	94	108	105
Potatoes etc. 2/	141	146	136	134	137	135	135	132	127	131
Livestock & products	147	151	142	143	142	141	139	136	132	138
Meat animals	140	139	131	129	130	129	128	128	124	123
Dairy products	118	135	119	107	131	122	116	125	115	117
Poultry & eggs										
Prices paid	160	164	163	165	162	163	163	--	160	--
Commodities & services, interest, taxes, & wage rates	153	155	151	152	149	150	149	--	145	--
Production items	154	155	116	119	112	114	113	--	112	--
Feed	160	154	154	158	145	147	151	--	147	--
Feeder livestock	141	151	155	150	154	154	154	--	141	--
Seed	137	143	135	135	128	128	128	--	125	--
Fertilizer	125	128	128	128	128	128	128	--	126	--
Agricultural chemicals	202	201	201	203	208	203	188	--	160	--
Fuels & energy	152	147	146	147	144	145	145	--	144	--
Farm & motor supplies	170	182	193	194	199	198	197	--	197	--
Autos & trucks	174	181	178	180	174	174	174	--	175	--
Tractors & self-propelled machinery	171	180	183	182	184	184	184	--	184	--
Other machinery	138	138	136	136	136	136	136	--	135	--
Building & fencing	146	148	150	152	150	153	153	--	153	--
Farm services & cash rent	250	251	242	250	242	237	237	--	237	--
Interest payable per acre on farm real estate debt	129	132	133	135	133	136	136	--	136	--
Taxes payable per acre on farm real estate	148	151	154	158	150	150	150	--	150	--
Wage rates (seasonally adjusted)	159	161	157	160	155	156	155	--	152	--
Production items, interest, taxes, & wage rates										
Ratio, prices received to prices paid 3/	84	86	79	79	79	76	75	75	76	78
Prices received (1910-14=100)	614	650	587	594	585	567	557	557	551	565
Prices paid, etc. (Parity index) (1910-14=100)	1,104	1,130	1,121	1,133	1,116	1,121	1,119	--	1,102	--
Parity ratio (1910-14=100) 3/	56	58	52	52	52	51	50	--	50	--

1/ Fresh market for noncitrus; fresh market and processing for citrus. 2/ Includes sweetpotatoes and dry edible beans. 3/ Ratio of index of prices received for all farm products to index of prices paid for commodities and services, interest, taxes, and wage rates. Ratio derived using the most recent prices paid index. Prices paid data will be published in January, April, July, and October.
p = preliminary.

Information contact: National Agricultural Statistical Service (202) 447-4021.

Table 5.—Prices received by farmers, U.S. average

	Annual*			1985		1986				
	1983	1984	1985 p	May	Dec	Jan	Feb	Mar	Apr	May p
Crops										
All wheat ($/bu.)	3.58	3.46	3.20	3.30	3.25	3.19	3.15	3.28	3.36	3.16
Rice, rough ($/cwt.)	8.76	8.07	7.85	7.91	7.71	7.90	7.86	7.60	5.80	5.81
Corn ($/bu.)	2.99	3.05	2.49	2.68	2.29	2.33	2.32	2.29	2.29	2.36
Sorghum ($/cwt.)	4.89	4.60	3.98	4.54	3.76	3.69	3.55	3.67	3.80	4.00
All hay, baled ($/ton)	73.70	75.40	70.20	77.00	67.20	67.80	67.30	68.00	69.20	70.90
Soybeans ($/bu.)	6.73	7.02	5.42	5.70	5.00	5.16	5.18	5.23	5.22	5.18
Cotton, Upland (cts./lb.)	62.9	65.6	55.9	57.5	53.3	53.0	55.4	55.0	56.4	54.5
Potatoes ($/cwt.)	5.82	5.69	3.91	6.44	3.23	3.11	3.30	3.50	4.24	4.13
Lettuce ($/cwt.) 1/	12.31	10.98	10.63	9.41	26.20	11.80	8.55	11.00	15.80	22.80
Tomatoes ($/cwt.)	20.10	25.62	22.51	15.20	43.30	34.20	22.80	25.10	30.10	29.20
Onions ($/cwt.)	11.17	9.70	7.75	12.90	8.09	6.21	6.31	6.83	9.11	9.81
Dry edible beans ($/cwt.)	22.40	18.80	n.a.	19.80	17.30	17.40	16.90	16.80	16.90	16.90
Apples for fresh use (cts./lb.)	14.9	15.5	n.a.	14.1	17.7	17.0	17.9	18.4	17.3	21.1
Pears for fresh use ($/ton)	216.00	300.00	339.00	481.00	357.00	348.00	350.00	417.00	440.00	604.00
Oranges, all uses ($/box) 2/	5.95	7.97	n.a.	8.34	5.07	4.05	3.69	3.69	3.39	3.91
Grapefruit, all uses ($/box) 2/	2.68	3.77	n.a.	4.58	3.71	3.70	3.72	3.90	4.58	4.41
Livestock										
Beef cattle ($/cwt.)	55.80	57.60	54.00	55.30	53.70	53.20	53.00	52.40	50.30	51.50
Calves ($/cwt.)	62.10	60.20	62.40	65.60	58.80	60.10	62.80	61.90	58.90	58.40
Hogs ($/cwt.)	46.20	47.60	43.90	41.40	45.30	44.30	42.80	40.40	39.70	45.70
Lambs ($/cwt.)	55.50	60.30	68.10	72.40	62.70	63.90	67.00	64.90	69.10	73.40
All milk, sold to plants ($/cwt.)	13.58	13.46	12.75	12.50	12.60	12.50	12.40	12.20	12.00	11.90
Milk, manuf. grade ($/cwt.)	12.61	12.49	11.72	11.60	11.70	11.60	11.40	11.30	11.20	11.10
Broilers (cts./lb.)	29.3	33.1	30.1	30.0	30.0	30.5	29.0	30.2	29.9	30.9
Eggs (cts./doz.) 3/	63.1	70.2	57.3	50.4	66.2	65.1	61.5	68.3	57.8	56.2
Turkeys (cts./lb.)	36.5	46.6	48.0	38.5	59.1	35.7	36.4	36.9	38.0	40.7
Wool (cts./lb.) 4/	61.5	76.5	67.0	68.5	57.9	54.3	55.8	61.7	67.8	75.2

1/ Due to program modifications, 1983 data not comparable with 1984 and 1985. 2/ Equivalent on-tree returns. 3/ Average of all eggs sold by producers including hatching eggs and eggs sold at retail. 4/ Average local market price, excluding incentive payments. *Calendar year averages, except for potatoes, dry edible beans, apples, oranges, and grapefruit, which are crop years. p = preliminary. n.a. = not available.

Information contact: National Agricultural Statistical Service (202) 447-4021.

Producer and Consumer Prices

Table 6.—Consumer Price Index for all urban consumers, U.S. average (not seasonally adjusted)

	Annual	1985					1986			
	1985	Apr	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
					1967=100					
Consumer price index, all items	322.2	320.1	324.5	325.5	326.6	327.4	328.4	327.5	326.0	325.3
Consumer price index, less food	323.3	320.8	326.2	327.4	328.5	328.9	329.5	328.5	326.6	325.7
All food	309.8	309.6	309.9	309.8	311.0	313.2	315.6	315.3	315.4	316.1
Food away from home	346.6	343.9	349.9	350.3	351.3	352.1	353.1	354.2	355.5	357.0
Food at home	296.8	297.7	295.6	295.3	296.6	299.3	302.5	301.5	301.2	301.5
Meats 1/	265.5	266.4	260.4	261.2	266.3	270.1	270.6	268.4	266.6	262.3
Beef & veal	269.7	273.7	261.1	263.2	270.8	277.8	275.7	272.3	271.3	266.0
Pork	253.1	249.0	252.1	249.9	254.0	254.7	259.3	257.0	253.4	249.9
Poultry	216.4	216.7	215.9	214.3	216.8	220.3	218.2	218.5	218.2	215.7
Fish	405.9	402.8	408.6	407.9	419.0	420.3	443.9	430.6	435.6	437.0
Eggs	174.3	169.9	185.7	187.4	190.8	196.7	194.4	186.7	190.8	188.8
Dairy products 2/	258.0	258.3	258.0	257.1	257.1	256.9	257.2	257.3	256.8	256.8
Fats & oils 3/	294.4	294.0	294.8	291.2	292.1	290.3	292.1	291.4	290.2	288.5
Fresh fruit	361.8	367.2	368.5	358.5	356.3	335.8	350.8	353.3	352.0	367.9
Processed fruit 4/	168.2	168.5	169.5	168.7	168.2	167.0	166.8	165.7	164.9	163.8
Fresh vegetables	317.5	340.8	286.7	288.1	300.0	338.3	362.3	311.1	309.0	333.7
Potatoes	324.6	342.9	283.3	260.0	257.6	260.1	267.9	262.8	261.9	267.4
Processed vegetables 4/	147.7	147.1	148.2	147.5	147.1	147.1	147.5	147.6	147.2	147.5
Cereals & bakery products 4/	317.0	314.8	319.2	318.9	319.9	321.9	322.0	322.5	322.7	322.5
Sugar & sweets	398.8	396.1	401.1	402.6	401.4	402.2	405.1	408.6	408.4	411.4
Beverages, nonalcoholic	451.7	454.0	452.8	454.1	451.7	448.8	459.7	485.3	488.0	487.4
Apparel commodities less footwear	188.1	188.2	192.6	194.0	193.6	191.1	186.3	185.2	187.5	188.4
Footwear	212.1	213.2	210.9	212.3	215.5	213.1	209.1	207.9	210.1	211.4
Tobacco products	328.5	324.0	332.8	334.4	334.7	337.4	342.7	344.7	345.6	346.5
Beverages, alcoholic	229.5	226.7	229.3	236.4	236.2	236.2	237.5	238.3	238.8	239.5

1/ Beef, veal, lamb, pork, and processed meat. 2/ Includes butter. 3/ Excludes butter. 4/ December 1977 = 100.

Information contact: Ralph Parlett (202) 786-1870.

Table 7.—Producer price indexes, U.S. average (not seasonally adjusted)

	Annual			1985			1986			
	1983	1984	1985 p	Apr	Nov	Dec r	Jan	Feb	Mar	Apr
	1967=100									
Finished goods 1/	285.2	291.1	293.8	293.1	296.4	297.2	296.2	292.3	288.1	286.9
Consumer foods	261.8	273.3	271.2	272.2	271.8	275.0	274.9	272.3	272.2	272.4
Fresh fruit	252.0	253.0	256.0	258.6	261.6	270.5	246.8	250.4	240.7	245.2
Fresh & dried vegetables	248.9	278.3	245.3	274.9	202.8	244.8	244.0	205.7	215.2	254.1
Dried fruit	409.9	386.6	362.7	356.2	367.9	375.1	369.3	369.0	369.0	375.7
Canned fruit & juice	286.8	312.4	323.1	325.1	316.0	314.1	314.2	313.3	314.1	313.4
Frozen fruit & juice	300.9	351.4	363.4	372.7	341.3	338.2	325.5	321.5	311.2	310.4
Fresh veg. excl. potatoes	210.0	219.1	205.9	224.4	173.2	220.4	220.0	169.6	189.7	237.0
Canned veg. and juices	247.1	252.6	246.9	248.0	239.6	240.0	241.1	243.9	245.5	245.0
Frozen vegetables	283.6	291.0	298.4	298.7	298.9	298.8	298.6	299.2	299.6	297.9
Potatoes	319.8	397.7	304.3	368.5	241.9	264.7	263.2	267.5	244.7	253.4
Eggs	n.a.	210.8	171.0	175.1	195.2	200.0	191.6	176.0	182.1	169.5
Bakery products	285.9	299.1	313.5	310.3	318.5	319.5	321.2	320.6	321.1	321.6
Meats	236.4	236.8	227.5	224.0	232.8	237.1	229.5	222.0	218.3	215.1
Beef & veal	236.3	237.1	220.1	222.5	229.2	234.5	219.9	210.7	208.8	202.7
Pork	227.5	226.5	224.0	207.9	227.6	232.3	231.2	221.2	213.5	213.3
Poultry	185.3	206.0	197.5	187.8	208.5	204.1	192.0	187.5	188.5	189.7
Fish	445.2	476.0	492.1	508.0	518.0	527.9	567.4	571.0	573.9	553.6
Dairy products	250.6	251.7	249.4	251.5	246.2	246.2	245.9	246.1	245.9	246.2
Processed fruits & vegetables	277.4	294.3	296.7	298.6	288.8	288.2	286.8	287.2	286.9	286.3
Shortening & cooking oils	254.7	311.6	290.5	309.9	265.6	260.4	262.3	254.7	247.8	244.2
Consumer finished goods less foods	291.4	294.1	297.4	295.9	300.7	300.7	298.8	292.5	284.4	281.4
Beverages, alcoholic	205.0	209.8	213.0	210.4	215.8	216.1	216.2	216.4	217.5	217.8
Soft drinks	327.4	340.2	344.2	345.8	340.8	342.1	341.9	345.9	348.2	351.1
Apparel	197.4	201.3	204.2	203.7	204.8	205.1	204.9	205.7	205.8	206.0
Footwear	250.1	251.7	256.8	255.1	258.4	258.6	259.7	260.4	261.5	262.7
Tobacco products	365.4	398.4	428.2	420.7	435.4	435.5	451.0	451.5	451.6	451.5
Intermediate materials 2/	312.3	320.0	318.7	319.3	318.1	318.9	317.2	313.5	309.4	307.0
Materials for food manufacturing	258.4	271.1	258.7	263.9	254.0	254.3	252.4	248.9	246.3	244.6
Flour	186.2	185.2	183.1	189.7	183.6	183.8	182.6	182.3	183.9	178.9
Refined sugar 3/	172.1	173.5	165.6	166.1	163.1	163.0	165.7	165.2	165.7	165.6
Crude vegetable oils	194.2	262.2	219.4	276.6	169.9	164.9	164.8	153.9	139.5	141.1
Crude materials 4/	323.6	330.8	306.2	311.0	304.7	304.3	301.3	290.5	280.9	272.8
Foodstuffs & feedstuffs	252.2	259.5	235.0	239.9	236.6	236.8	231.4	226.9	224.0	220.1
Fruits & vegetables 5/	262.1	278.1	260.5	278.1	239.9	267.2	255.8	234.0	236.1	260.8
Grains	240.4	239.7	202.7	220.6	192.0	195.6	193.4	193.6	191.4	191.7
Livestock	243.1	251.8	229.7	231.3	239.2	239.3	231.0	224.4	218.7	212.4
Poultry, live	206.5	240.6	226.2	202.3	254.8	235.2	212.8	197.4	209.0	211.2
Fibers, plant & animal	227.0	228.4	197.8	211.3	189.8	186.6	196.3	198.4	206.8	210.6
Fluid milk	282.0	278.3	264.6	271.1	257.3	255.2	253.1	252.7	249.1	248.4
Oilseeds	245.3	253.3	202.7	219.4	194.1	193.2	195.0	197.4	199.2	197.5
Tobacco, leaf	274.2	274.6	274.1	276.6	271.0	257.2	243.9	242.2	238.9	250.2
Sugar, raw cane	315.9	312.0	291.2	298.6	267.6	272.6	283.2	288.1	291.7	289.6
All commodities	303.1	310.3	308.8	309.3	309.5	310.2	309.0	304.7	300.3	297.9
Industrial commodities	315.7	322.6	323.9	323.8	324.7	325.1	324.0	319.4	314.0	311.3
All foods 6/	257.5	269.2	264.6	266.8	264.0	267.2	266.9	263.6	262.9	262.8
Farm products & processed foods & feeds	253.9	262.4	250.5	253.1	251.0	252.6	250.9	247.9	247.0	246.1
Farm products	248.2	255.8	230.4	236.8	230.4	232.2	226.2	220.6	218.9	217.9
Processed foods & feeds 6/	255.9	265.0	260.5	260.9	261.2	262.8	265.5	261.9	261.5	260.6
Cereal & bakery products	261.0	270.5	279.7	278.9	282.6	283.1	284.0	283.5	284.1	283.7
Sugar & confectionery	292.8	301.2	291.1	293.4	285.3	285.9	291.9	293.3	295.1	293.7
Beverages	267.6	273.1	276.7	276.9	277.1	279.9	287.8	292.5	295.2	296.8

1/ Commodities ready for sale to ultimate consumer. 2/ Commodities requiring further processing to become finished goods. 3/ All types and sizes of refined sugar. (Dec. 1977 = 100). 4/ Products entering market for the first time which have not been manufactured at that point. 5/ Fresh and dried. 6/ Includes all raw, intermediate, and processed foods (excludes soft drinks, alcoholic beverages, and manufactured animal feeds). (1977 = 100). r = revised. n.a. = not available.

Information contact: Bureau of Labor Statistics (202) 523-1913.

Table 8.—Farm-retail price spreads

	Annual				1985			1986			
	1982	1983	1984	1985	Apr	Nov	Dec	Jan	Feb	Mar	Apr
Market basket 1/											
Retail cost (1967=100)	266.4	268.7	279.3	282.6	283.3	282.1	285.4	287.3	284.2	283.3	283.4
Farm value (1967=100)	247.8	242.3	255.4	237.1	239.6	237.5	242.8	233.7	223.6	222.0	217.7
Farm-retail spread (1967=100)	277.4	284.3	293.3	309.3	309.0	308.3	310.5	318.8	319.9	319.3	322.0
Farm value/retail cost (%)	34.4	33.4	33.9	31.1	31.3	31.2	31.5	30.1	29.1	29.0	28.4
Meat products											
Retail cost (1967=100)	270.3	267.2	268.1	265.5	266.4	266.3	270.1	270.6	268.4	266.6	262.3
Farm value (1967=100)	251.3	235.8	241.5	221.8	220.7	226.4	233.5	227.6	218.0	210.1	205.8
Farm-retail spread (1967=100)	292.4	304.0	299.1	316.6	319.9	313.0	312.9	321.0	327.5	332.7	330.8
Farm value/retail cost (%)	50.2	47.6	48.6	45.1	44.7	45.9	46.6	45.4	43.8	42.5	41.9
Dairy products											
Retail cost (1967=100)	247.0	250.0	253.2	258.0	258.3	257.1	256.9	257.2	257.3	256.8	256.8
Farm value (1967=100)	261.9	262.1	258.8	248.3	254.0	238.8	238.0	237.9	237.8	236.1	233.6
Farm-retail spread (1967=100)	233.9	239.3	248.3	266.5	262.1	273.2	273.5	274.1	274.4	274.9	277.2
Farm value/retail cost (%)	49.6	49.0	47.8	45.0	46.0	43.4	43.3	43.2	43.2	43.0	42.5
Poultry											
Retail cost (1967=100)	194.9	197.5	218.5	216.4	216.7	216.8	220.3	218.2	218.5	218.2	215.7
Farm value (1967=100)	201.9	213.0	249.9	234.9	216.9	259.2	251.8	219.7	212.5	219.8	219.8
Farm-retail spread (1967=100)	188.1	182.4	188.1	198.4	216.5	175.7	189.8	216.7	224.3	216.6	211.7
Farm value/retail cost (%)	50.7	53.1	56.3	53.4	49.2	58.8	56.2	49.5	47.8	49.6	50.1
Eggs											
Retail cost (1967=100)	178.7	187.1	209.0	174.3	169.9	190.8	196.7	194.4	186.7	190.8	188.8
Farm value (1967=100)	189.8	206.1	230.3	178.9	161.8	216.1	215.7	208.3	192.1	221.3	181.0
Farm-retail spread (1967=100)	162.7	159.5	178.2	167.6	181.7	154.3	169.1	174.3	178.9	146.7	200.1
Farm value/retail cost (%)	62.8	65.1	65.1	60.7	56.3	66.9	64.8	63.3	60.8	68.6	56.6
Cereal & bakery products											
Retail cost (1967=100)	283.4	292.5	305.3	317.0	314.8	319.9	321.9	322.0	322.5	322.7	329.8
Farm value (1967=100)	178.8	186.6	192.0	175.6	187.7	171.0	169.0	170.2	165.6	165.6	163.8
Farm-retail spread (1967=100)	305.1	314.0	328.7	346.3	341.1	350.7	353.6	353.4	355.0	355.0	355.3
Farm value/retail cost (%)	10.8	11.1	10.8	9.5	10.2	9.2	9.0	9.1	8.8	8.9	8.7
Fresh fruits											
Retail cost (1967=100)	325.2	305.6	345.3	383.5	383.1	359.5	358.4	373.6	372.1	367.1	379.8
Farm value (1967=100)	288.8	220.6	315.1	299.1	275.7	329.7	341.0	286.2	269.8	260.2	243.4
Farm-retail spread (1967=100)	358.7	340.8	358.9	421.4	451.3	372.9	366.1	412.8	418.0	415.1	441.0
Farm value/retail cost (%)	27.7	22.5	28.3	24.2	22.3	28.4	29.4	23.7	22.5	22.0	19.9
Fresh vegetables											
Retail costs (1967=100)	288.9	299.3	331.8	317.5	340.8	300.0	338.3	362.3	311.1	309.0	333.7
Farm value (1967=100)	261.3	267.4	298.7	256.7	292.0	208.7	286.3	257.3	179.0	206.9	242.0
Farm-retail spread (1967=100)	301.8	314.3	347.4	346.1	363.7	342.9	362.7	411.7	373.2	357.0	376.8
Farm value/retail cost (%)	28.9	28.6	28.8	25.9	27.4	22.2	27.1	22.7	18.4	21.4	23.2
Processed fruits & vegetables											
Retail cost (1967=100)	286.0	288.8	306.1	314.1	313.8	313.5	312.3	312.6	311.6	310.5	309.7
Farm value (1967=100)	321.1	300.5	343.5	378.5	383.0	379.4	358.5	345.0	333.4	324.7	324.1
Farm-retail spread (1967=100)	278.2	286.2	297.8	299.9	298.5	298.9	302.1	305.4	306.8	307.4	306.5
Farm value/retail costs (%)	20.4	18.9	20.3	21.8	22.1	21.9	20.8	20.0	19.4	18.9	19.0
Fats & oils											
Retail cost (1967=100)	259.9	263.1	288.0	294.4	294.0	292.1	290.3	292.1	291.4	290.2	288.5
Farm value (1967=100)	207.8	251.0	324.8	271.3	323.4	211.4	237.5	203.5	191.8	174.8	183.1
Farm-retail spread (1967=100)	279.9	267.8	273.8	305.3	282.7	323.2	310.6	326.2	329.7	332.6	329.0
Farm value/retail cost (%)	22.2	26.5	31.3	25.6	30.6	20.1	22.7	19.4	18.3	17.2	17.6

	Annual				1985			1986			
	1982	1983	1984	1985	Apr	Nov	Dec	Jan	Feb	Mar	Apr
Beef, Choice											
Retail price 2/ (cts./lb.)	242.5	238.1	239.6	232.6	236.8	229.9	236.9	236.9	232.5	230.3	227.0
Net carcass value 3/ (cts.)	150.7	145.4	147.6	135.2	132.9	148.8	147.7	138.6	130.0	128.1	125.2
Net farm value 4/ (cts.)	140.5	136.2	140.0	126.8	127.0	138.1	137.4	128.4	121.0	119.8	116.2
Farm-retail spread (cts.)	102.0	101.9	99.6	105.8	109.8	91.8	99.5	108.5	111.5	110.5	110.8
Carcass-retail spread 5/ (cts.)	91.8	92.7	92.0	97.4	103.9	81.1	89.2	98.3	102.5	102.2	101.8
Farm-carcass spread 6/ (cts.)	10.2	9.2	7.6	8.4	5.9	10.7	10.3	10.2	9.0	8.3	9.0
Farm value/retail price (%)	58	57	58	55	54	60	58	54	52	52	51
Pork											
Retail price 2/ (cts./lb.)	175.4	169.8	162.0	162.0	159.3	162.4	166.5	169.0	168.3	165.8	162.2
Wholesale value 3/ (cts.)	121.8	108.9	110.1	101.1	97.2	99.6	103.5	99.1	95.7	92.4	91.7
Net farm value 4/ (cts.)	88.0	76.5	77.4	71.4	65.8	70.6	75.3	72.9	69.5	65.5	64.8
Farm-retail spread (cts.)	87.4	93.3	84.6	90.6	93.5	91.8	91.2	96.1	98.8	100.3	97.4
Wholesale-retail spread 5/ (cts.)	53.6	60.9	51.9	60.9	62.1	62.8	63.0	69.9	72.6	73.4	70.5
Farm-wholesale spread 6/ (cts.)	33.8	32.4	32.7	29.7	31.4	29.0	28.2	26.2	26.2	26.9	26.9
Farm value/retail price (%)	50	45	48	44	41	43	45	43	41	40	40

1/ Retail costs are based on indexes of retail prices for domestically produced farm foods from the CPI-U published monthly by the Bureau of Labor Statistics. The farm value is the payment to farmers for quantity of farm product equivalent to retail unit, less allowance for byproduct. Farm values are based on prices at first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail price and the farm value, represents charges for assembling, processing, transporting, and distributing these foods. 2/ Estimated weighted average price of retail cuts from pork and yield grade 3 beef carcasses. Retail cut prices from BLS. 3/ Value of carcass quantity equivalent to 1 lb. of retail cuts; beef adjusted for value of fat and bone byproducts. 4/ Market value to producer for quantity of live animal equivalent to 1 lb. of retail cuts minus value of byproducts. 5/ Represents charges for retailing and other marketing services such as fabricating, wholesaling, and in-city transportation. 6/ Represents charges made for livestock marketing, processing, and transportation to city where consumed.

Note: Annual historical data on farm-retail price spreads may be found in Food Consumption, Prices and Expenditures, Statistical Bulletin 756, ERS, USDA.

Information contacts: Denis Dunham (202) 786-1870; Ron Gustafson (202) 786-1830.

Table 9.—Price indexes of food marketing costs.[1]

(See the June 1986 issue.)

Information contact: Denis Dunham (202) 786-1870

Livestock and Products

Table 10.—U.S. meats supply and use

Item	Beg. stks	Production 1/	Imports	Total supply	Exports	Shipments	Military consumption	Ending stocks	Civilian consumption		Primary market price 3/
									Total	Per capita 2/	
	Million pounds 4/								Pounds		
Beef:											
1984	325	23,598	1,823	25,746	329	47	112	358	24,900	78.5	65.34
1985	358	23,728	2,068	26,154	328	51	115	317	25,344	79.1	58.37
1986 f	317	23,565	2,125	26,007	500	60	99	300	25,048	77.5	57-60
Pork:											
1984	301	14,812	954	16,067	164	147	86	274	15,396	61.8	47.86
1985	274	14,807	1,128	16,209	128	131	78	229	15,643	62.1	43.77
1986 f	229	14,494	1,100	15,823	130	140	76	275	15,202	59.7	44-47
Veal:											
1984	9	495	24	528	6	1	4	14	503	1.8	60.23
1985	14	515	20	549	4	1	7	11	526	1.8	62.42
1986 f	11	510	23	544	4	0	7	7	526	1.8	61-64
Lamb and mutton:											
1984	11	379	20	410	2	3	0	7	398	1.5	62.18
1985	7	358	36	401	1	2	0	13	385	1.4	68.61
1986 f	13	337	38	388	2	1	0	9	376	1.4	69-72
Total red meat:											
1984	646	39,284	2,821	42,751	501	198	202	653	41,197	143.6	n.a.
1985	653	39,408	3,252	43,313	461	185	200	570	41,897	144.5	n.a.
1986 f	570	38,906	3,286	42,762	636	201	182	591	41,152	138.9	n.a.
Broilers:											
1984	21	13,016	0	13,038	407	145	34	20	12,432	52.9	55.6
1985	20	13,762	0	13,781	417	143	34	27	13,161	55.5	50.8
1986 f	27	14,451	0	14,478	470	130	33	25	13,820	57.7	50-53
Mature chicken:											
1984	92	672	0	764	26	2	2	119	615	2.6	n.a.
1985	119	636	0	755	21	1	2	144	587	2.5	n.a.
1986 f	144	635	0	779	20	4	1	110	644	2.7	n.a.
Turkeys:											
1984	162	2,685	0	2,847	27	7	13	125	2,676	11.4	74.4
1985	125	2,942	0	3,067	27	7	13	150	2,870	12.1	75.5
1986 f	150	3,347	0	3,497	30	7	16	220	3,224	13.5	68-71
Total poultry:											
1984	275	16,373	0	16,648	460	153	49	264	15,722	66.9	n.a.
1985	264	17,340	0	17,604	465	151	49	321	16,618	70.1	n.a.
1986 f	321	18,433	0	18,754	520	141	50	355	17,668	73.9	n.a.
Red meat & poultry:											
1984	921	55,657	2,821	59,399	961	351	251	917	56,919	210.5	n.a.
1985	917	56,747	3,252	60,917	926	336	249	891	58,515	214.6	n.a.
1986 f	891	57,339	3,286	60,980	1,106	342	239	946	58,347	214.3	n.a.

1/ Total including farm production for red meats and federally inspected plus non-federally inspected for poultry. 2/ Retail weight basis. 3/ Dollars per cwt for red meat; cents per pound for poultry. Beef: choice steers, Omaha 900-1,100 lbs.; pork: barrows and gilts, 7 markets; veal: farm price of calves; lamb and mutton: choice slaughter lambs, San Angelo; broilers: wholesale 12-city average; turkeys: wholesale NY 8-16 lb. young hens. 4/ Carcass weight for red meats and certified ready-to-cook for poultry.
n.a. = not available. f = forecast.

Information contact: Ron Gustafson (202) 786-1830.

Table 11.—U.S. egg supply and use

	Beg. stocks	Pro-duc-tion	Im-ports	Total supply	Ex-ports	Ship-ments	Mili-tary use	Hatch-ing use	Ending stocks	Civilian consumption		Wholesale price*
										Total	Per capita	
	Million dozen										No.	Cts./doz.
1981	19.4	5,824.7	4.7	5,848.7	234.2	22.5	25.1	506.7	17.5	5,042.7	265.4	73.2
1982	17.5	5,801.9	2.5	5,821.8	158.2	26.7	22.4	505.6	20.3	5,088.6	265.1	70.1
1983	20.3	5,659.2	23.4	5,703.0	85.8	26.6	25.1	500.0	9.3	5,056.2	260.8	75.2
1984	9.3	5,708.2	32.0	5,749.5	58.2	27.8	17.6	529.7	11.1	5,105.1	260.9	80.9
1985 e	11.1	5,687.5	12.7	5,711.3	70.6	30.3	20.2	548.1	10.7	5,031.3	254.6	66.4
1986 f	10.7	5,706.4	9.6	5,726.7	95.0	25.0	19.6	548.5	10.0	5,028.6	252.1	68-71

* Cartoned Grade A large eggs in New York. e = estimated. f = forecast.

Information contact: Allen Baker (202) 786-1830.

Table 12.—U.S. milk supply and use[1]

Calendar year	Pro-duc-tion	Farm use	Commercial		Im-ports	Total commer-cial supply	CCC net re-movals	Commercial		All milk price 2/
			Farm market-ings	Beg. stocks				Ending stocks	Disap-pear-ance	
	Billion pounds									$/cwt
1980	128.4	2.4	126.1	5.4	2.1	133.6	8.8	5.8	119.0	13.05
1981	132.8	2.3	130.5	5.8	2.3	138.5	12.9	5.4	120.3	13.76
1982	135.5	2.4	133.1	5.4	2.5	141.0	14.3	4.6	122.1	13.59
1983	139.7	2.4	137.3	4.6	2.6	144.5	16.8	5.2	122.5	13.57
1984	135.4	2.9	132.5	5.2	2.7	140.5	8.6	4.9	126.9	13.45
1985 p	143.7	2.5	141.2	4.9	2.8	148.9	13.2	4.6	131.1	12.73
1986 f	143.9	2.4	141.5	4.6	2.8	148.9	9.1	4.8	135.0	12.55

1/ Milkfat basis. Totals may not add because of rounding. 2/ Delivered to plants and dealers; does not reflect deductions. p = preliminary. f = forecast.

Information contact: Clifford Carman (202) 786-1830.

Table 13.—Poultry and eggs

	Annual			1985			1986			
	1983	1984	1985	Apr	Nov	Dec	Jan	Feb	Mar	Apr
Broilers										
Federally inspected slaughter, certified (mil. lb.)	12,389.0	12,998.6	13,569.2	1,196.6	997.8	1,094.1	1,211.4	1,087.0	1,114.5	1,240.9
Wholesale price, 12-city, (cts./lb.)	50.4	55.6	50.8	47.8	53.7	48.7	51.7	49.0	50.3	50.0
Price of grower feed ($/ton)	223	233	197	204	182	186	191	189	--	189
Broiler-feed price ratio (lb.) 1/	2.6	2.8	3.1	2.8	3.5	3.2	3.2	3.1	--	3.2
Stocks beginning of period (mil. lb.)	22.3	21.2	19.7	24.1	27.7	27.6	26.6	26.6	25.2	23.8
Broiler-type chicks hatched (mil) 2/	4,447.0	4,593.9	4,803.8	411.7	379.0	416.5	409.4	376.0	432.7	423.9
Turkeys										
Federally inspected slaughter, certified (mil. lb.)	2,563	2,574	2,800	177.3	282.5	210.7	188.0	174.6	193.6	203.9
Wholesale price, New York, 8-16 lb. young hens (cts./lb.)	60.5	74.4	75.5	64.6	93.1	86.9	60.2	61.7	66.0	64.6
Price of turkey grower feed ($/ton)	247	245	212	212	212	213	209	211	--	215
Turkey-feed price ratio (lb.) 1/	3.0	3.8	4.4	3.7	5.5	5.5	3.4	3.5	--	3.5
Stocks beginning of period (mil.lb.)	203.9	161.8	125.3	177.3	484.0	208.2	150.2	156.8	161.3	150.0
Poults placed in U.S. (mil.)	181.8	190.0	197.8	20.9	12.6	14.4	17.2	18.6	20.7	23.0
Eggs										
Farm production (mil.)	67,911	68,498	68,250	5,670	5,658	5,883	5,862	5,295	5,900	5,640
Average number of layers (mil.)	276	278	277	274	280	280	281	280	--	—
Rate of lay (eggs per layer on farms)	247	245	247	20.7	20.2	21.0	20.9	18.9	--	—
Cartoned price, New York, grade A large (cts./doz.) 3/	75.2	80.9	66.4	59.9	77.8	76.1	73.3	68.3	80.8	65.2
Price of laying feed ($/ton)	204	206	182	186	178	179	181	179	--	177
Egg-feed price ratio (lb.) 1/	6.2	6.8	6.3	5.7	7.5	7.4	7.2	6.9	--	6.5
Stocks, first of month										
Shell (thou. cases)	34	13	31	23	23	28	24	28	21	20
Frozen (mil. lb.)	25.4	11.8	13.4	13.5	15.1	13.8	13.2	12.7	12.8	10.7
Replacement chicks hatched (mil.)	407	459	407	40.9	33.6	34.6	34.4	34.7	39.7	42.7

1/ Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight. 2/ Placement of broiler chicks are currently reported for 12 states only; henceforth, hatch of broiler-type chicks will be used as a substitute. 3/ Price of cartoned eggs to volume buyers for delivery to retailers.

Information contact: Allen Baker (202) 786-1830.

Table 14.—Dairy

	Annual			1985			1986			
	1983	1984	1985	Apr	Nov	Dec	Jan	Feb	Mar	Apr
Milk prices, Minnesota-Wisconsin, 3.5% fat ($/cwt.) 1/	12.49	12.29	11.48	11.62	11.19	11.18	11.12	11.04	11.02	10.98
Price of 16% dairy ration ($/ton)	188	191	168	171	163	165	169	165	n.a.	164
Milk-feed price ratio 2/	1.45	1.42	1.51	1.51	1.55	1.53	1.52	1.50	n.a.	1.46
Wholesale prices										
Butter, Grade A Chi. (cts./lb.)	147.3	148.8	141.1	141.9	139.5	139.1	138.7	138.7	137.5	138.7
Am. cheese, Wis. assembly pt. (cts./lb.)	138.3	138.0	127.7	129.9	123.7	123.8	123.8	124.5	123.2	125.0
Nonfat dry milk, (cts./lb.) 3/	93.2	90.9	84.0	84.9	80.5	80.4	80.4	80.1	79.9	80.4
USDA net removals										
Total milk equiv. (mil. lb.) 4/	16,813.7	8,637.0	13,174.1	1,496.5	640.8	833.5	1,979.9	2,251.0	821.0	1,701.2
Butter (mil. lb.)	413.2	202.3	334.2	36.6	12.5	21.5	70.6	79.8	20.8	50.8
Am. cheese (mil. lb.)	832.8	447.3	629.0	74.4	38.3	39.1	52.5	60.5	39.3	65.6
Nonfat dry milk (mil. lb.)	1,061.0	678.4	940.6	86.8	55.1	75.1	86.1	100.0	65.6	105.5
Milk										
Total milk production (mil. lb.)	139,672	135,450	143,667	12,082	11,564	11,968	12,192	11,314	12,726 6/	12,688
Milk per cow (lb.)	12,585	12,506	13,031	1,106	1,035	1,070	1,091	1,015	1,143	n.a.
Number of milk cows (thou.)	11,098	10,833	11,025	10,922	11,168	11,183	11,163	11,140	11,130	n.a.
Stocks, beginning 4/										
Total (mil. lb.)	20,054	22,646	16,429	15,510	14,432	13,692	13,464	13,355	13,887	14,751
Commercial (mil. lb.)	4,603	5,234	4,937	4,970	4,934	4,705	4,590	4,760	4,963	4,991
Government (mil. lb.)	15,451	17,412	11,492	10,540	9,498	8,987	8,874	8,595	8,925	9,759
Imports, total (mil. lb.) 4/	2,616	2,741	2,777	186	287	299	292	179	203	161
Commercial disappearance milk equiv. (mil. lb.)	122,474	126,912	131,150	10,637	11,249	11,352	10,137	8,861	11,883	10,842
Butter										
Production (mil. lb.)	1,299.2	1,103.3	1,247.8	111.4	99.4	115.4	135.8	119.4	120.2	121.7
Stocks, beginning (mil. lb.)	466.8	499.4	296.5	291.7	231.6	206.9	205.5	206.3	245.5	283.3
Commercial disappearance (mil. lb.)	881.7	902.7	918.2	74.3	90.9	94.5	60.7	31.8	101.2	73.3
American cheese										
Production (mil. lb.)	2,927.7	2,648.5	2,854.4	253.0	221.9	236.6	239.2	227.2	263.6	266.1
Stocks, beginning (mil. lb.)	981.4	1,161.5	960.5	874.0	883.3	866.6	850.2	838.8	810.8	822.3
Commercial disappearance (mil. lb.)	2,083.3	2,253.6	2,278.3	193.9	195.3	206.4	184.6	164.4	216.2	194.7
Other cheese										
Production (mil. lb.)	1,891.8	2,025.5	2,170.5	176.9	189.9	200.9	186.7	171.6	199.0	194.9
Stocks, beginning (mil. lb.)	82.8	104.9	101.4	101.3	97.3	95.0	98.1	93.8	89.3	112.1
Commercial disappearance (mil. lb.)	2,134.3	2,310.9	2,460.5	189.9	221.2	233.1	206.5	191.5	224.4	201.1
Nonfat dry milk										
Production (mil. lb.)	1,499.9	1,160.7	1,390.0	123.1	96.7	115.8	123.7	114.7	128.1	137.2
Stocks, beginning (mil. lb.)	1,282.0	1,405.2	1,247.6	1,112.4	1,034.9	1,042.7	1,011.1	981.4	947.0	988.0
Commercial disappearance (mil. lb.)	459.9	497.8	435.0	30.7	44.1	31.3	47.8	20.0	51.6	26.9
Frozen dessert production (mil. gal.) 5/	1,224.2	1,241.8	1,250.5	108.0	81.1	78.0	82.9	87.2	104.7	111.4

1/ Manufacturing grade milk. 2/ Pounds of 16% protein ration equal in value to 1 pound of milk. 3/ Prices paid f.o.b. Central States production area, high heat spray process. 4/ Milk-equivalent, fat-basis. 5/ Ice cream, ice milk, and hard sherbet. 6/ Estimated. n.a. = not available.

Information contact: Cliff Carman (202) 786-1830.

Table 15.—Wool

	Annual			1985			1986			
	1983	1984	1985	Apr	Nov	Dec	Jan	Feb	Mar	Apr
U.S. wool price, Boston 1/ (cts./lb.)	212	229	192	182	193	193	193	189	180	188
Imported wool price, Boston 2/ (cts./lb.)	248	241	197	183	190	193	204	202	205	210
U.S. mill consumption, scoured										
Apparel wool (thou. lb.)	126,729	128,982	106,051	8,424	8,846	8,870	12,627	11,126	10,770	13,757
Carpet wool (thou. lb.)	13,851	13,088	10,562	777	655	686	1,083	798	785	930

1/ Wool price delivered at U.S. mills, clean basis, Graded Territory 64's (20.60-22.04 microns) staple 2-3/4'' and up. 2/ Wool price delivered at U.S. mills, clean basis, Australian 60/62's, type 64A (24 micron). Duty since 1982 has been 10.0 cents.

Information contact: John Lawler (202) 786-1840.

Table 16.—Meat animals

	Annual			1985			1986			
	1983	1984	1985	Apr	Nov	Dec	Jan	Feb	Mar	Apr
Cattle on feed (7-States)										
Number on feed (thou. head) 1/	8,316	8,006	8,635	7,826	7,582	7,892	7,860	7,624	7,262	7,263
Placed on feed (thou. head)	19,744	20,772	19,346	1,416	1,776	1,480	1,581	1,210	1,650	1,555
Marketings (thou. head)	18,701	18,785	18,989	1,603	1,380	1,401	1,740	1,470	1,563	1,621
Other disappearance (thou. head)	1,354	1,376	1,132	133	76	111	77	102	86	120
Beef steer-corn price ratio, Omaha (bu.)2/	20.6	21.6	23.3	21.5	27.8	26.7	25.6	24.4	24.0	22.9
Hog-corn price ratio, Omaha 2/	15.9	16.1	17.8	15.2	19.3	19.8	19.0	19.0	17.6	17.2
Market prices ($ per cwt.)										
Slaughter cattle:										
Choice steers, Omaha	62.37	65.34	58.37	67.86	63.30	62.94	59.69	56.42	55.55	55.68
Utility cows, Omaha	39.35	39.81	38.32	42.88	34.86	33.88	34.94	37.62	38.00	35.95
Choice vealers, S. St. Paul	72.97	63.95	58.28	77.50	55.00	45.94	45.00	52.50	55.00	55.00
Feeder cattle:										
Choice, Kansas City, 600-700 lb.	63.70	65.28	64.56	67.51	62.86	60.98	62.16	62.42	63.22	60.32
Slaughter hogs:										
Barrows & gilts, 7-markets	47.71	48.86	44.77	48.30	44.14	46.91	45.48	43.55	40.88	40.27
Feeder pigs:										
S. Mo. 40-50 lb. (per head)	34.03	39.12	37.20	51.08	31.67	28.65	30.96	37.26	41.33	37.98
Slaughter sheep & lambs:										
Lambs, Choice, San Angelo	57.40	62.18	68.61	65.88	64.17	59.33	65.81	67.50	70.96	74.22
Ewes, Good, San Angelo	16.85	20.90	34.02	22.25	32.83	36.67	34.69	31.88	33.12	32.00
Feeder lambs:										
Choice, San Angelo	54.87	61.02	85.91	65.75	87.92	84.67	77.90	75.12	74.19	79.98
Wholesale meat prices, Midwest										
Choice steer beef, 600-700 lb.	97.83	98.01	90.76	103.50	98.84	99.68	92.26	86.82	85.04	83.34
Canner & Cutter cow beef	78.48	74.70	74.13	80.51	68.37	67.08	69.71	72.92	72.12	68.76
Pork loins, 8-14 lb. 3/	--	96.36	91.51	91.86	100.34	90.00	95.43	91.75	88.12	89.31
Pork bellies, 12-14 lb.	60.58	60.08	59.50	58.28	58.63	51.73	61.27	51.50	50.80	49.45
Hams, skinned, 14-17 lb.	75.60	78.22	67.50	77.52	66.67	n.a.	64.44	63.00	61.12	58.20
Commercial slaughter (thou. head)*										
Cattle	36,649	37,570	36,289	2,848	2,812	2,924	3,330	2,715	2,726	3,096
Steers	17,486	17,474	16,906	1,321	1,238	1,293	1,515	1,270	1,286	1,485
Heifers	10,758	10,691	11,235	939	799	830	988	851	836	892
Cows	7,597	8,617	7,387	531	710	743	765	547	550	666
Bulls & stags	808	789	758	58	65	58	61	48	54	52
Calves	3,076	3,292	3,385	252	288	316	307	272	276	284
Sheep & lambs	6,619	6,758	6,179	512	476	505	518	452	524	477
Hogs	87,584	85,156	84,469	7,177	7,012	6,898	7,185	6,299	6,662	7,160
Commercial production (mil. lb.)										
Beef	23,058	23,410	23,548	1,936	1,812	1,853	2,139	1,769	1,861	2,111
Veal	429	477	498	41	42	46	46	40	43	45
Lamb & mutton	368	372	352	30	28	30	31	27	32	29
Pork	15,120	14,718	14,721	1,289	1,237	1,215	1,266	1,101	1,198	1,292

	Annual			1984	1985				1986	
	1983	1984	1985	IV	I	II	III	IV	I	II
Cattle on feed (13-States)										
Number on feed (thou. head) 1/	10,271	9,908	10,653	9,000	10,653	9,688	8,670	7,937	9,694	8,915
Placed on feed (thou. head)	23,776	24,917	23,276	7,559	5,315	5,206	5,480	7,305	5,260	---
Marketings (thou. head)	22,548	22,540	22,857	5,507	5,907	5,787	5,969	5,224	5,723 5/	5,727
Other disappearance (thou. head)	1,591	1,632	1,378	417	373	437	244	324	316	---
Hogs & pigs (10-States) 4/										
Inventory (thou. head) 1/	44,150	42,420	41,100	43,180	42,420	39,680	41,450	41,820	41,100	38,600
Breeding (thou. head) 1/	5,638	5,348	5,258	5,550	5,348	5,220	5,397	5,377	5,258	4,988
Market (thou. head) 1/	38,512	37,072	35,842	37,630	37,072	34,315	36,053	36,443	35,842	33,612
Farrowings (thou. head)	9,735	9,020	9,020	2,316	1,935	2,420	2,191	2,265	1,940 5/	2,320
Pig crop (thou. head)	72,733	67,680	67,648	17,420	14,690	18,762	16,941	17,255	14,880	---

1/ Beginning of period. 2/ Bushels of corn equal in value to 100 pounds live-weight. 3/ Beginning January 1984 prices are for 14-17 lbs.; January 1986 prices are for 14-18 lbs. 4/ Quarters are Dec. of preceding year-Feb. (I), Mar.-May (II), June-Aug. (III), and Sept.-Nov. (IV). 5/ Intentions. *Classes estimated. n.a. = not available.

Information contact: Ron Gustafson (202) 786-1830.

Table 17.—Supply and utilization[1,2]

	Area											
	Set aside 3/	Planted	Harvested	Yield	Production	Total supply 4/	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price 5/
	Mil. acres			Bu/acre	Mil. bu							$/bu
Wheat												
1982/83	5.8	86.2	77.9	35.5	2,765	3,932	195	713	1,509	2,417	1,515	3.55
1983/84	30.0	76.4	61.4	39.4	2,420	3,939	369	742	1,429	2,540	1,399	3.53
1984/85*	18.6	79.2	66.9	38.8	2,595	4,003	410	743	1,424	2,578	1,425	3.38
1985/86*	18.8	75.6	64.7	37.5	2,425	3,864	325	760	910	1,995	1,869	3.16
1986/87*	--	--	--	--	2,153	4,027	400	770	1,100	2,270	1,757	2.25-2.50
	Mil. acres			lb/acre	Mil. cwt (rough equiv.)							$/cwt
Rice												
1982/83	0.42	3.30	3.26	4,710	153.6	205.4	6/ 8.9	54.0	68.9	131.8	71.5	8.11
1983/84	1.74	2.19	2.17	4,598	99.7	171.9	6/ 5.6	49.1	70.3	125.0	46.9	8.76
1984/85*	.79	2.83	2.80	4,954	138.8	187.2	6/ 8.0	52.4	62.1	122.5	64.7	8.06
1985/86*	1.16	2.52	2.50	5,437	136.0	202.7	6/ 6.0	54.0	55.0	115.0	87.7	7.75
1986/87*	--	--	--	--	130.0	219.7	6/ 6.0	56.0	75.0	137.0	82.7	6.75-7.75
	Mil. acres			Bu/acre	Mil. bu							$/bu
Corn												
1982/83	2.1	81.9	72.7	113.2	8,235	10,772	4,521	895	1,834	7,249	3,523	2.68
1983/84	32.2	60.2	51.5	81.1	4,175	7,701	3,818	975	1,902	6,694	1,006	3.25
1984/85*	3.9	80.5	71.9	106.7	7,674	8,684	4,116	1,055	1,865	7,036	1,648	2.62
1985/86*	5.4	83.3	75.1	118.0	8,865	10,516	4,100	1,130	1,300	6,530	3,986	2.35
1986/87*	--	--	--	--	7,575	11,562	4,200	1,150	1,625	6,975	4,587	1.80-2.05
	Mil. acres			Bu/acre	Mil. bu							$/bu
Sorghum												
1982/83	0.7	16.0	14.1	59.1	835	1,082	475	10	210	695	387	2.52
1983/84	5.7	11.9	10.0	48.7	488	875	412	10	245	666	209	2.84
1984/85*	.6	17.3	15.4	56.4	866	1,075	553	19	297	869	206	2.39
1985/86*	.9	18.3	16.7	66.7	1,113	1,319	575	20	175	770	549	2.15
1986/87*	--	--	--	--	850	1,399	575	20	260	855	544	1.70-1.95
	Mil. acres			Bu/acre	Mil. bu							$/bu
Barley												
1982/83	0.4	9.5	9.0	57.2	516	675	241	170	47	458	217	2.22
1983/84	1.1	10.4	9.7	52.3	509	733	283	169	92	544	189	2.50
1984/85*	.5	12.0	11.2	53.4	599	799	304	170	77	551	247	2.26
1985/86*	.7	13.1	11.6	51.0	589	845	300	170	25	495	350	2.00
1986/87*	--	--	--	--	600	955	300	175	45	520	435	1.50-1.75
	Mil. acres			Bu/acre	Mil. bu							$/bu
Oats												
1982/83	0.1	14.0	10.3	57.8	593	749	441	85	3	529	220	1.49
1983/84	.3	20.3	9.1	52.6	477	727	466	78	2	546	181	1.67
1984/85*	.1	12.4	8.2	58.0	474	689	433	74	1	509	180	1.69
1985/86*	.1	13.3	8.1	63.6	519	724	450	80	2	532	192	1.25
1986/87*	--	--	--	--	530	747	450	85	2	537	210	1.00-1.25
	Mil. acres			Bu/acre	Mil. bu							$/bu
Soybeans												
1982/83	--	70.9	69.4	31.5	2,190	2,444	7/ 86	1,108	905	2,099	345	5.69
1983/84	--	63.8	62.5	26.2	1,636	1,981	7/ 79	983	743	1,805	176	7.81
1984/85*	--	67.8	66.1	28.1	1,861	2,037	7/ 93	1,030	598	1,721	316	5.85
1985/86*	--	63.1	61.6	34.1	2,099	2,415	7/ 85	1,055	780	1,920	495	5.10
1986/87*	--	--	--	--	1,900	2,395	7/ 85	1,065	775	1,925	470	4.75-5.15
					Mil. lbs							8/ ¢/lb
Soybean oil												
1982/83	--	--	--	--	12,041	13,144	--	9,858	2,025	11,883	1,261	20.6
1983/84	--	--	--	--	10,872	12,133	--	9,588	1,824	11,412	721	30.6
1984/85*	--	--	--	--	11,468	12,209	--	9,917	1,660	11,569	632	29.5
1985/86*	--	--	--	--	11,665	12,305	--	9,900	1,300	11,200	1,105	18.5
1986/87*	--	--	--	--	11,725	12,850	--	10,100	1,400	11,500	1,350	14.0-19.0
					Thou. tons							9/ $/ton
Soybean meal												
1982/83	--	--	--	--	26,714	26,889	--	19,306	7,109	26,415	474	187
1983/84	--	--	--	--	22,756	23,230	--	17,615	5,360	22,977	255	188
1984/85*	--	--	--	--	24,529	24,784	--	19,480	4,917	24,397	387	125
1985/86*	--	--	--	--	25,033	25,400	--	18,850	6,200	25,050	350	150
1986/87*	--	--	--	--	25,130	25,480	--	19,400	5,700	25,100	380	150-155

See footnotes at end of table.

Table 17.— Supply and utilization, continued

	Area											
	Set aside 3/	Planted	Harvested	Yield	Production	Total supply 4/	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price 5/
		Mil. acres		lb/acre	Mil. bales							¢/lb
Cotton 10/												
1982/83	1.6	11.3	9.7	590	12.0	18.6	--	5.5	5.2	10.7	7.9	59.1
1983/84	6.8	7.9	7.3	508	7.8	15.7	--	5.9	6.8	12.7	2.8	66.4
1984/85*	2.5	11.1	10.4	600	13.0	15.8	--	5.5	6.2	11.8	4.1	58.7
1985/86*	3.6	10.7	10.2	630	13.4	17.6	--	6.3	2.0	8.3	9.4	--
1986/87*	--	--	--	--	11.0	20.4	--	6.8	6.0	12.8	7.7	--

*June 10, 1986 Supply and Demand Estimates. 1/ Marketing year beginning June 1 for wheat, barley, and oats, August 1 for cotton and rice, September 1 for soybeans, and October 1 for corn, sorghum, soymeal, and soyoil. 2/ Conversion factors: hectare (ha.) = 2.471 acres, 1 metric ton = 2204.622 pounds, 36.7437 bushels of wheat or soybeans, 39.3679 bushels of corn or sorghum, 45.9296 bushels of barley, 68.8944 bushels of oats, 22.046 cwt. of rice, and 4.59 480-pound bales of cotton. 3/ Includes diversion, PIK, and acreage reduction programs. 4/ Includes imports. 5/ Season average. 6/ Statistical discrepancy. 7/ Includes seed. 8/ Average of crude soybean oil, Decatur. 9/ Average of 44 percent, Decatur. 10/ Upland and extra long staple. Stock estimates based on Census Bureau date which results in an unaccounted difference between supply and use estimates and changes in ending stocks.

Information contact: Sam Evans (202) 786-1840.

Table 18.—Food grains

	Marketing year 1/			1985			1986			
	1982/83	1983/84	1984/85	Apr	Nov	Dec	Jan	Feb	Mar	Apr
Wholesale prices										
Wheat, No. 1 HRW, Kansas City ($/bu.) 2/	3.94	3.83	3.74	3.62	3.35	3.42	3.32	3.30	3.36	3.45
Wheat, DNS, Minneapolis ($/bu.) 2/	3.95	4.21	3.70	3.64	3.42	3.45	3.38	3.32	3.33	3.42
Rice, S.W. La. ($/cwt.) 3/	18.00	19.38	17.98	15.50	17.50	17.50	17.50	17.50	17.50	18.00
Wheat										
Exports (mil. bu.)	1,509	1,429	1,424	76	87	72	75	78	74	65
Mill grind (mil. bu.)	656	694	675	59	63	56	61	60	55	n.a.
Wheat flour production (mil. cwt.)	292	308	301	26	28	25	27	27	25	n.a.
Rice										
Exports (mil. cwt, rough equiv.)	68.9	69.1	62.1	4.65	4.39	4.22	4.05	2.60	n.a.	2.97

	Marketing year 1/			1984		1985				1986
	1982/83	1983/84	1984/85	June-Sept	Oct-Dec	Jan-Mar	Apr-May	June-Sept	Oct-Dec	Jan-Mar
Wheat										
Stocks, beginning (mil. bu.)	1,159	1,515	1,399	1,399	2,743	2,141	1,667	1,425.2	2,971.1	2,526.1
Domestic use:										
Food (mil. bu.)	616	643	650	212	167	165	105.5	222.8	177.0	166.0
Feed & seed (mil. bu.) 4/	318	469	504	395	59	44	0	335.6	24.7	11.0
Exports (mil. bu.)	1,509	1,429	1,424	645	374	266	139.1	326.6	247.3	266.1

1/ Beginning June 1 for wheat and August 1 for rice. 2/ Ordinary protein. 3/ Long-grain, milled basis. 4/ Feed use approximated by residual. n.a. = not available.

Information contacts: Allen Schienbein and Janet Livezey (202) 786-1840; Scott Reynolds (202) 786-1693.

Table 19.—Cotton

	Marketing year 1/			1985			1986			
	1982/83	1983/84	1984/85	Apr	Nov	Dec	Jan	Feb	Mar	Apr
U.S. price, SLM, 1-1/16 in. (cts/lb.) 2/	63.1	73.1	60.5	61.7	56.0	56.3	58.4	59.8	61.7	62.6
Northern Europe prices:										
Index (cts./lb.) 3/	76.7	87.6	69.2	66.3	48.0	51.8	51.8	54.5	52.3	48.5
U.S. M 1-3/32" (cts./lb.) 4/	78.0	87.1	73.9	75.9	67.7	69.1	69.1	70.1	71.7	72.9
U.S. mill consumption (thou. bales)	5,512.8	5,883.5	5,517.3	439.5	500.2	509.4	623.8	522.5	515.9	652.8
Exports (thou. bales)	5,206.8	6,786.0	6,201.3	577.8	234.7	196.0	186.0	192.9	188.0	175.0
Stocks, beginning (thou. bales)	6,632	7,937	2,775	7,606	8,334	11,610	13,278	13,126	12,447	11,717

1/ Beginning August 1. 2/ Average spot market. 3/ Liverpool Outlook "A" index; average of five lowest priced of 10 selected growths. 4/ Memphis territory growths.

Information contact: Ed Glade (202) 786-1840.

Table 20.—Feed grains

	Marketing year 1/			1985			1986			
	1982/83	1983/84	1984/85	Apr	Nov	Dec	Jan	Feb	Mar	Apr
Wholesale prices										
Corn, No. 2 yellow, Chicago ($/bu.)	2.81	3.46	2.79	2.90	2.46	2.50	2.51	2.49	2.45	2.46
Sorghum, No. 2 yellow, Kansas City ($/cwt.)	4.80	5.22	4.46	4.76	3.75	3.97	3.95	3.80	3.82	4.00
Barley, feed, Minneapolis ($/bu.)	1.76	2.48	2.09	2.05	1.49	1.60	1.57	---	---	---
Barley, malting, Minneapolis ($/bu.)	2.53	2.84	2.55	2.52	2.27	2.29	2.28	2.20	2.34	2.40
Exports										
Corn (mil. bu.)	1,834	1,902	1,865	169	211	179	166	121	98	58
Feed grains (mil. metric tons) 2/	53.0	56.5	56.6	4.8	5.9	4.8	4.7	3.4	2.7	1.7

	Marketing year 1/			1984		1985				1986
	1982/83	1983/84	1984/85	June-Aug	Sept-Nov	Dec-Feb	Mar-May	June-Aug	Sept-Nov	Dec-Feb
Corn										
Stocks, beginning (mil. bu.)	2,537	3,523	1,006	2,145	1,006	6,631	4,623	2,836	1,648	8,615
Domestic use:	4,521	3,818	4,116	511	1,294	1,183	1,026	612	1,210	1,315
Feed (mil. bu.)	898	973	1,065	250	250	242	254	280	272	259
Food, seed, ind. (mil. bu.)	1,834	1,902	1,865	379	506	584	479	296	418	465
Exports (mil. bu.)										

1/ September 1 for corn and sorghum; June 1 for oats and barley. 2/ Aggregated data for corn, sorghum, oats, and barley.

Information contacts: Dave Hull (202) 786-1840; Jim Cole (202) 786-1693.

Table 21.—Fats and oils

	Marketing year 1/			1985			1986			
	1982/83	1983/84	1984/85	Apr	Nov	Dec	Jan	Feb	Mar	Apr
Soybeans										
Wholesale price, No. 1 yellow, Chicago ($/bu.) 2/	6.11	7.78	5.88	6.00	5.05	5.21	5.36	5.29	5.37	5.29
Crushings (mil. bu.)	1,108.0	983	1,030.5	83.2	96.6	100.8	99.6	81.4	91.6	84.8
Exports (mil. bu.)	905.2	740.3	600.7	60.4	79.6	94.1	84.7	92.1	88.7	80.4
Stocks, beginning	50.6	58.6	35.3	69.7	92.8	113.5	119.8	124.6	97.4	84.9
Soybean oil										
Wholesale price, crude, Decatur (cts./lb.)	20.6	30.55	29.50	33.63	20.62	21.39	20.63	18.64	17.56	17.65
Production (mil. lb.)	12,040.4	10,872.0	10,614.5	917.6	1,053.1	1,095.7	1,085.8	894.9	1,005.4	924.5
Domestic disap. (mil. lb.)	9,857.3	9,598	9,777.9	900.4	840.8	862.4	807.2	780.4	847.0	826.9
Exports (mil. lb.)	2,024.7	1,814	1,557.1	66.9	38.1	74.3	80.6	100.7	92.8	124.0
Stocks, beginning (mil. lb.)	1,102.5	1,261	720.5	715.6	636.1	810.4	969.4	1,167.4	1,181.1	1,246.6
Soybean meal										
Wholesale price, 44% protein, Decatur ($/ton)	187.19	188.21	117.08	117.30	142.50	145.00	153.25	152.25	163.70	157.00
Production (thou. ton)	26,713.6	22,756.2	22,729.1	1,958.3	2,287.7	2,379.9	2,343.8	1,925.2	2,159.7	2,008.5
Domestic disap. (thou. ton)	19,306.0	17,541.0	18,479.7	1,585.7	1,621.8	1,752.2	1,739.5	1,397.2	1,405.1	1,486.3
Exports (thou. ton)	7,108.7	5,436.1	4,504.8	387.4	615.1	638.5	590.3	619.1	649.3	607.7
Stocks, beginning (thou. ton)	175.2	474	255.4	444.6	318.4	369.2	358.4	372.4	281.3	386.6
Margarine, wholesale price, Chicago (cts/lb.)	41.1	46.3	55.4	56.00	44.75	43.55	43.99	42.66	41.53	41.75

1/ Beginning September 1 for soybeans; October 1 for soymeal and oil; calendar year for margarine. 2/ Beginning April 1, 1982, prices based on 30-day delivery, using upper end of the range.

Information contacts: Roger Hoskin (202) 786-1840; Jan Lipson (202) 786-1693.

Table 22.—Fruit

	Calendar years											
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986 F
Citrus												
Production (thou. ton)	14,586	14,788	15,242	14,255	13,329	16,484	15,105	12,057	13,608	10,789	10,460 5/	11,273
Per capita consumption (lbs) 1/	126.2	123.6	119.9	113.0	113.7	119.1	112.1	112.9	127.5	104.9	n.a.	n.a.
Non citrus												
Production (thou. tons)	12,384	11,846	12,274	12,460	13,689	15,152.8	12,961	14,217	13,704	13,769	13,435	n.a.
Per capita consumption (lbs) 1/	102.6	99.2	100.3	101.4	105.9	106.2	109.6 6/	103.8 7/	93.6	8/ 93.6	n.a.	n.a.

	1985								1986			
	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Fob shipping point prices												
Apples ($/carton) 2/	16.50	16.25	15.63	14.13	16.17	14.50	14.30	14.00	13.60	15.00	14.85	15.62
Pears ($/box) 3/	21.30	23.50	n.a.	n.a.	n.a.	14.00	14.00	14.00	14.00	15.59	15.50	n.a.
Oranges ($/box) 4/	17.00	16.50	15.90	15.80	13.90	13.70	14.50	15.30	14.10	13.20	12.60	12.20
Grapefruit ($/box) 4/	13.50	14.80	15.10	14.50	14.44	11.30	10.70	11.20	11.20	11.10	11.60	12.10
Stocks, ending												
Fresh apples (mil. lbs.)	485.1	291.2	132.4	34.4	1,712.2	3,668.3	3,342.5	2,724.7	2,125.2	1,550.2	1,039.3	612.6
Fresh pears (mil. lbs.)	10.3	1.5	5.1	92.5	398.7	298.9	222.2	183.2	142.9	101.3	71.6	35.5
Frozen fruits (mil. lbs.)	442.2	527.4	707.0	733.8	760.1	819.9	788.9	720.7	656.5	597.1	544.6	492.4
Frozen orange juice (mil. lbs.)	1,229.5	1,063.7	1,036.1	912.4	883.8	778.8	656.0	684.4	888.4	966.8	911.5	1,022.8

1/ Per capita consumption of both fresh and processed fruit in fresh weight equivalent. 2/ Red Delicious, Washington, extra fancy, carton tray pack, 80-113's. 3/ D'Anjou, Washington, standard box wrapped, U.S. No. 1, 90-135's. 4/ F.O.B. packed fresh. 5/ As of May 1, 1986. 6/ Excludes canned pineapples and pineapple juice. 7/ Excludes canned pineapple, canned apple, and pineapple juice. 8/ Excludes canned apples, cranberries, pineapples, and canned apple and pineapple juice. n.a. = not available. F = forecast.

Information contact: Ben Huang (202) 786-1767.

Table 23.—Vegetables

	Calendar years									
	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Production										
Total vegetables (1,000 cwt) 1/	369,915	402,936	382,165	413,925	381,370	379,123	431,515	405,320	443,131	391,290
Fresh (1,000 cwt) 1/ 2/	173,800	176,541	182,563	190,859	190,228	194,694	207,924	197,919	215,236	209,722
Processed (tons) 3/	9,868,750	11,519,750	9,480,100	11,155,300	9,557,100	9,221,460	11,179,590	10,270,050	11,394,780	9,078,450
Mushrooms (1,000 lbs)	151,247	191,080	229,558	255,846	275,052	319,132	337,234	388,075	419,915	n.a.
Potatoes (1,000 cwt)	357,666	355,334	366,314	342,447	302,857	338,591	355,131	333,911	362,612	404,131
Sweetpotatoes (1,000 cwt)	13,275	11,885	13,115	13,370	10,955	12,799	14,653	12,083	12,986	14,416
Dry edible beans (1,000 cwt)	9,564	7,680	9,840	10,383	14,658	19,486	12,670	7,781	11,617	11,207

	1985								1986			
	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Shipments													
Fresh (1,000 cwt) 4/	17,974	32,205	29,244	25,974	16,414	15,002	18,318	14,708	14,021	22,189	16,643	17,454	19,195
Potatoes (1,000 cwt)	12,853	15,225	10,166	8,898	7,474	7,850	10,067	9,646	10,147	12,965	10,726	11,955	13,604
Sweetpotatoes (1,000 cwt)	236	210	135	115	109	332	492	817	504	352	313	413	227

1/ 1985 data are not comparable with 1984 and 1985. 2/ Estimate reinstated for asparagus with the 1984 crop, all other years also include broccoli, carrots, cauliflower, celery, sweet corn, lettuce, honeydews, onions, and tomatoes. 3/ Estimates reinstated for cucumbers with the 1984 crop, all other years also include snap beans, sweet corn, green peas, and tomatoes. 4/ Includes snap beans, broccoli, cabbage, carrots, cauliflower, celery, sweet corn, cucumbers, eggplant, lettuce, onions, bell peppers, squash, tomatoes, cantaloupes, honeydews, and watermelons. n.a. = not available.

Information contact: Shannon Hamm (202) 786-1767.

Table 24.—Other commodities

	Annual					1985				1986
	1982	1983	1984	1985	1986 F	Jan-Mar	Apr-June	July-Sept	Oct-Dec	Jan-Mar
Sugar										
Production 1/	5,936	5,682	5,890	5,969	6,145	1,586	727	683	2,992	1,671
Deliveries 1/	9,153	8,812	8,454	8,035	8,118	1,910	1,972	2,150	2,004	1,892
Stocks, ending 1/	3,068	2,570	3,005	3,126	2,475	3,417	2,686	1,745	3,126	3,387
Coffee										
Composite green price N.Y. (cts./lb.)	132.00	131.51	142.95	137.46	210.00	137.50	134.69	124.83	152.81	215.33
Imports, green bean equiv. (million lbs.) 2/	2,352	2,259	2,411	2,550	2,450	673	606	659	612	786

	Annual			1985				1986		
	1983	1984	1985	Mar	Oct	Nov	Dec	Jan	Feb	Mar
Tobacco										
Prices at auctions 3/										
Flue-cured (cts./lb.)	1.78	1.81	1.72	--	1.80	1.66	--	--	--	--
Burley (cts./lb.)	1.77	1.88	--	1.82	--	--	1.60	1.60	1.58	1.48
Domestic consumption 4/										
Cigarettes (bil.)	600.0	600.4	592.0	54.8	70.6	49.9	48.0	35.3	43.2	--
Large cigars (mil.)	3,605	3,491	3,185	248.4	292.8	273.9	238.1	225.6	198.9	--

1/ 1,000 short tons, raw value. Quarterly data shown at end of each quarter. 2/ Green and processed coffee. 3/ Crop year July-June for flue-cured, October-September for burley. 4/ Taxable removals. F = forecast.

Information contacts: (sugar) Dave Harvey (202) 786-1769; (coffee) Fred Gray (202) 786-1769; (tobacco) Verner Grise (202) 786-1840.

Table 25.—World supply and utilization of major crops, livestock and products

	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85 E	1985/86 P
				Mil. units			
Wheat							
Area (hectare)	227.6	236.9	238.7	237.5	229.1	231.3	229.4
Production (metric ton)	422.8	442.9	448.4	479.1	490.9	515.6	502.1
Exports (metric ton) 1/	86.0	94.1	101.3	98.7	102.0	106.1	85.9
Consumption (metric ton) 2/	443.5	445.7	441.5	467.9	486.4	500.2	494.3
Ending stocks (metric ton) 3/	80.4	78.2	85.0	96.3	100.9	116.4	124.3
Coarse grains							
Area (hectare)	341.1	342.4	350.2	339.2	334.2	339.2	342.8
Production (metric ton)	741.5	732.9	769.8	779.1	685.5	808.5	842.5
Exports (metric ton) 1/	98.8	108.0	96.6	89.9	91.9	101.9	84.1
Consumption (metric ton) 2/	740.3	743.0	739.8	751.4	761.6	779.5	772.8
Ending stocks (metric ton) 3/	91.6	82.8	112.9	148.5	72.5	101.5	171.1
Rice, milled							
Area (hectare)	143.1	144.4	145.1	141.2	144.3	144.1	143.1
Production (metric ton)	253.9	271.0	280.6	285.7	308.0	318.6	315.7
Exports (metric ton) 4/	12.7	13.1	11.8	11.9	12.6	11.5	11.8
Consumption (metric ton) 2/	257.8	272.3	281.5	289.6	308.1	314.0	313.6
Ending stocks (metric ton) 3/	23.4	22.1	21.3	17.3	17.2	21.9	24.0
Total grains							
Area (hectare)	711.8	723.8	734.0	717.9	707.6	714.6	715.3
Production (metric ton)	1,418.2	1,446.8	1,498.8	1,543.9	1,484.4	1,642.7	1,660.3
Exports (metric ton) 1/	197.5	215.2	209.7	200.5	206.5	219.5	181.8
Consumption (metric ton) 2/	1,441.9	1,461.0	1,462.8	1,508.9	1,556.1	1,593.7	1,580.7
Ending stocks (metric ton) 3/	195.4	183.2	219.2	262.1	190.6	239.8	319.4
Oilseeds							
Crush (metric ton)	134.9	132.9	138.3	143.5	136.9	150.5	153.4
Production (metric ton)	170.1	155.8	169.4	178.0	165.4	190.2	193.8
Exports (metric ton)	35.9	32.1	35.8	35.0	33.0	32.7	35.0
Ending stocks (metric ton)	19.4	20.5	18.9	20.5	15.8	21.0	25.2
Meals							
Production (metric ton)	92.9	90.8	94.1	98.0	93.0	101.5	103.4
Exports (metric ton)	26.5	25.9	28.9	31.6	29.6	32.4	32.8
Oils							
Production (metric ton)	39.7	40.0	41.6	43.4	42.5	46.3	49.1
Exports (metric ton)	12.8	12.5	13.3	14.4	14.4	16.3	17.5
Cotton							
Area (hectare)	32.2	32.4	33.2	31.9	31.4	34.2	32.2
Production (bale)	65.2	64.8	70.8	67.5	67.7	87.7	78.0
Exports (bale)	23.1	19.7	20.2	19.4	19.2	20.5	19.5
Consumption (bale)	65.3	65.9	65.5	68.0	69.0	69.4	73.2
Ending stocks (bale)	24.0	24.1	25.4	25.0	24.6	42.6	47.1
	1980	1981	1982	1983	1984	1985	1986 F
Red meat							
Production (mil. metric tons)	93.3	93.6	93.9	96.5	98.2	101.2	101.5
Consumption (mil. metric tons)	92.0	91.8	92.2	94.5	96.0	99.3	99.7
Exports (mil. metric tons) 1/	5.5	5.7	5.8	5.9	5.9	6.3	6.5
Poultry							
Production (mil. metric tons)	21.3	22.4	23.0	23.5	24.3	25.3	26.1
Consumption (mil. metric tons)	21.1	22.1	22.7	23.4	24.0	24.9	25.7
Exports (mil. metric tons) 1/	1.1	1.5	1.4	1.3	1.2	1.1	1.1
Dairy							
Milk production	405.0	402.3	397.9	413.1	413.1	417.4	420.3

E = Estimated. P = Projected. F = Forecast. 1/ Excludes intra-EC trade. 2/ Where stocks data not available (excluding USSR), consumption includes stock changes. 3/ Stocks data are based on differing marketing years and do not represent levels at a given date. Data not available for all countries; includes estimated change in USSR grain stocks but not absolute level. 4/ Calendar year data. 1980 data correspond with 1979/80, etc.

Information contact: Fred Surls (202) 786-1693.

Table 26.—Prices of principal U.S. agricultural trade products

	Annual			1985			1986			
	1983	1984	1985	Apr	Nov	Dec	Jan	Feb	Mar	Apr
Export commodities										
Wheat, f.o.b. vessel, Gulf ports ($/bu.)	4.30	4.17	3.73	3.97	3.67	3.77	3.63	3.57	3.71	3.76
Corn, f.o.b. vessel, Gulf ports ($/bu.)	3.49	3.50	2.89	3.10	2.77	2.81	2.75	2.67	2.57	2.59
Grain sorghum, f.o.b. vessel, Gulf ports ($/bu.)	3.34	3.00	2.64	3.04	2.46	2.56	2.51	2.46	2.42	2.56
Soybeans, f.o.b. vessel, Gulf ports ($/bu.)	7.31	7.38	5.83	6.29	5.40	5.56	5.72	5.63	5.65	5.57
Soybean oil, Decatur (cts./lb.)	23.51	30.75	27.03	34.07	20.33	21.26	20.27	18.34	17.41	17.64
Soybean meal, Decatur ($/ton)	200.91	166.80	127.15	117.86	141.88	145.95	152.55	153.28	165.19	156.72
Cotton, 8 market avg. spot (cts./lb.)	68.68	68.37	58.55	61.67	56.03	56.25	58.39	59.81	61.75	62.62
Tobacco, avg. price at auction (cts./lb.)	173.96	170.66	174.35	175.95	172.39	163.65	163.65	162.27	159.39	158.59
Rice, f.o.b. mill, Houston ($/cwt.)	19.39	19.47	18.57	18.75	18.25	18.25	17.88	17.50	17.31	17.25
Inedible tallow, Chicago (cts./lb.)	13.41	17.47	14.33	17.70	11.31	11.38	12.00	11.81	9.38	8.94
Import commodities										
Coffee, N.Y. spot ($/lb.)	1.33	1.46	1.42	1.38	1.55	1.75	2.41	2.26	2.35	2.28
Rubber, N.Y. spot (cts./lb.)	56.19	49.70	41.91	42.13	42.14	40.28	40.74	42.76	41.98	39.18
Cocoa beans, N.Y. ($/lb.)	.92	1.06	.99	1.02	.98	1.02	1.01	.86	.91	.85

Information contact: Fred Surls (202) 786-1693.

Table 27.—Indexes of nominal and real trade-weighted dollar exchange rates

	1985							1986			
	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
						1980=100						
Total U.S. trade												
Nominal	155	149	146	148	140	137	136	134	129	126	126	124
Real	156	150	148	149	141	138	137	135	130	127	127	125
						April 1971=100						
Agricultural trade												
Nominal 1/	2,042	2,217	2,392	2,583	2,830	3,083	3,183	3,544	4,093	4,495	4,500	4,511
Real 2/	106	103	102	103	99	99	91*	90*	88*	86*	85*	83*
Soybeans												
Nominal 1/	197	203	201	210	210	229	114	112	107	105	105	103
Real 2/	102	99	97	98	92	91	84*	82*	79*	76*	76*	74*
Wheat												
Nominal 1/	11,012	11,996	13,008	14,116	15,607	17,029	18,368	20,580	23,953	26,425	26,457	26,533
Real 2/	112	111	110	111	109	109	103*	102*	103*	102*	99*	97*
Corn												
Nominal 1/	1,905	2,067	2,227	2,403	2,627	2,865	2,903	3,227	3,720	4,081	4,086	4,095
Real 2/	105	102	100	101	97	96	86*	85*	81*	78*	77*	75*
Cotton												
Nominal 1/	213	213	213	215	213	215	216	216	214	228	227	226
Real 2/	101	100	100	100	98	97	97*	97*	95*	93*	93*	92*

1/ Nominal values are percentage changes in currency units per dollar, weighted by proportion of agricultural exports from the United States. An increase indicates that the dollar has appreciated. 2/ Real values are computed in the same way as the nominal series, adjusted for CPI changes in the countries involved.

*Preliminary; assumes the same rate of CPI increase/decrease as the previous six months.

Information contact: Ed Wilson (202) 786-1688.

Table 28.—Trade balance

	Fiscal years*								Oct-Apr*	Apr
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1986
						$ Million				
Exports										
Agricultural	27,289	31,979	40,481	43,780	39,095	34,769	38,027	31,187	17,275	2,120
Nonagricultural	104,270	135,839	169,846	185,423	176,310	159,373	170,014	179,253	102,943	15,256
Total 1/	131,559	167,818	210,327	229,203	215,405	194,142	208,041	210,440	120,218	17,376
Imports										
Agricultural	13,886	16,186	17,276	17,218	15,481	16,271	18,916	19,740	12,271	1,771
Nonagricultural	152,095	177,424	223,590	237,469	233,353	230,629	297,736	313,863	197,452	26,715
Total 2/	165,981	193,610	240,866	254,687	248,834	246,900	316,652	333,603	209,723	28,486
Trade balance										
Agricultural	13,403	15,793	23,205	26,562	23,614	18,498	19,111	11,447	5,004	349
Nonagricultural	-47,825	-41,585	-53,744	-52,046	-57,043	-71,256	-127,722	-134,610	-94,509	-11,459
Total	-34,422	-25,792	-30,539	-25,484	-33,429	-52,758	-108,611	-123,163	-89,505	-11,110

*Fiscal years begin October 1 and end September 30. Fiscal year 1985 began Oct. 1, 1984 and ended Sept. 30, 1985.
1/ Domestic exports including Department of Defense shipments (F.A.S. value). 2/ Imports for consumption (customs value).

Information contact: Steve MacDonald (202) 786-1621.

Table 29.—U.S. agricultural exports and imports

	Fiscal years*			Oct-Apr*	Apr	Fiscal years*			Oct-Apr*	Apr
	1983	1984	1985	1986	1986	1983	1984	1985	1986	1986
	Thousand units					$ Million				
Exports										
Animals, live (no.)	763	754	996	320	48	264	276	255	217	9
Meats & preps., excl. poultry (mt)	412	422	427	253	37	926	929	906	572	89
Dairy products (mt)	339	418	422	277	31	349	393	413	235	27
Poultry meats (mt)	250	225	234	149	23	281	280	257	159	23
Fats, oils, & greases (mt)	1,443	1,395	1,217	806	104	593	703	608	310	38
Hides & skins incl. furskins	---	---	---	--	--	997	1,318	1,325	847	124
Cattle hides, whole (no.)	21,989	24,283	25,456	14,623	2,088	709	1,010	1,019	631	91
Mink pelts (no.)	2,446	2,551	2,222	1,916	374	62	67	60	48	9
Grains & feeds (mt)	102,016	108,194	93,829	47,109	4,232	15,050	17,304	13,270	6,106	595
Wheat (mt)	36,701	41,699	28,522	13,451	1,536	5,910	6,497	4,263	1,856	211
Wheat flour (mt)	1,529	1,071	766	639	131	256	234	164	122	28
Rice (mt)	2,276	2,293	1,972	893	99	874	897	677	328	32
Feed grains, excl.products (mt)	53,481	55,285	54,951	26,800	1,691	6,496	8,129	6,775	2,878	183
Feeds & fodders (mt)	7,171	7,021	6,543	4,718	694	1,193	1,216	1,005	722	112
Other grain products (mt)	859	825	1,095	608	82	321	331	385	200	29
Fruits, nuts, and preps. (mt)	2,120	1,931	1,907	1,194	172	1,660	1,594	1,687	1,047	145
Fruit juices incl. froz. (hl)	5,803	5,598	4,641	2,138	320	222	223	200	88	14
Vegetables & preps. (mt)	1,578	1,527	1,420	890	119	990	999	946	609	83
Tobacco, unmanufactured (mt)	245	227	257	172	21	1,487	1,433	1,588	1,010	126
Cotton, excl. linters (mt)	1,136	1,481	1,277	303	38	1,683	2,395	1,945	467	57
Seeds (mt)	275	252	300	180	17	333	326	353	265	18
Sugar, cane or beat (mt)	141	285	355	195	21	38	74	65	35	4
Oilseeds & products (mt)	34,322	26,961	23,806	20,488	2,929	8,721	8,602	6,195	4,597	662
Oilseeds (mt)	26,039	20,466	17,886	15,933	2,232	6,532	6,254	4,324	3,379	476
Soybeans (mt)	24,522	19,265	16,620	15,650	2,187	5,866	5,734	3,876	3,252	455
Protein meal (mt)	6,688	5,060	4,609	3,813	562	1,486	1,217	854	757	114
Vegetable oils (mt)	1,596	1,435	1,311	742	134	902	1,131	1,018	461	73
Essential oils (mt)	10	11	12	4	1	88	96	105	65	8
Other	---	---	---	--	--	345	310	319	647	98
Total	---	---	---	--	--	34,769	38,027	31,187	17,275	2,120
Imports										
Animals, live (no.)	1,555	1,907	2,120	1,222	112	555	596	569	422	34
Meats & preps., excl. poultry (mt)	938	905	1,123	632	81	2,092	1,931	2,214	1,259	157
Beef & veal (mt)	661	550	674	372	47	1,387	1,165	1,295	690	86
Pork (mt)	251	328	416	234	31	638	703	847	508	66
Dairy products (mt)	299	382	418	247	24	709	757	763	466	53
Poultry and products	--	--	--	--	--	91	122	93	56	9
Fats, oils, & greases (mt)	11	18	21	11	2	7	13	18	10	1
Hides & skins, incl. furskins	--	--	--	--	--	191	216	240	128	16
Wool, unmanufactured (mt)	38	59	43	31	4	124	193	145	97	13
Grains & feeds (mt)	1,611	1,805	2,070	1,229	190	448	534	604	386	52
Fruits, nuts, & preps.,										
excl. juices (mt)	3,597	4,036	4,483	2,741	446	1,386	1,634	1,891	1,167	171
Bananas & plantains (mt)	2,516	2,727	3,022	1,756	226	585	666	752	427	54
Fruit juices (hl)	22,166	27,247	35,112	17,876	2,413	479	671	995	434	54
Vegetables & preps. (mt)	1,693	2,093	2,140	1,341	252	1,138	1,314	1,347	919	176
Tobacco, unmanufactured (mt)	239	190	191	118	22	734	563	556	356	68
Cotton, unmanufactured (mt)	8	32	31	27	8	7	17	17	12	1
Seeds (mt)	85	82	92	68	16	91	97	91	76	12
Nursery stock & cut flowers	--	--	--	--	--	228	292	318	212	27
Sugar, cane or beat (mt)	2,564	2,829	2,338	1,138	144	974	1,144	912	396	51
Oilseeds & products (mt)	1,021	1,137	1,271	881	99	493	799	784	403	41
Oilseeds (mt)	185	223	253	107	12	80	95	98	39	5
Protein meal (mt)	87	118	159	86	14	14	21	17	9	2
Vegetable oils (mt)	749	797	859	688	72	399	683	670	356	34
Beverages excl. fruit juices (hl)	12,426	14,120	15,494	8,342	1,111	1,346	1,547	1,622	1,018	138
Coffee, tea, cocoa, spices (mt)	1,701	1,776	1,868	1,160	153	3,984	4,777	4,983	3,559	562
Coffee, incl. products (mt)	1,061	1,128	1,128	741	103	2,832	3,300	3,244	2,541	437
Cocoa beans & products (mt)	464	451	539	300	31	829	1,058	1,285	736	74
Rubber & allied gums (mt)	654	809	799	515	85	582	854	680	384	67
Other	--	--	--	--	--	717	844	900	513	68
Total	--	--	--	--	--	16,373	18,916	19,740	12,271	1,771

*Fiscal years begin October 1 and end September 30. Fiscal year 1985 began Oct. 1, 1984 and ended Sept. 30, 1985. -- Not available.

Information contact: Steve MacDonald (202) 786-1621.

Table 30. U.S. agricultural exports by regions

Region & country	Fiscal years*			Oct-Apr*	Apr	Change from year* earlier			Oct-Apr	Apr
	1983	1984	1985	1986	1986	1983	1984	1985	1986	1986
			$ Mil.					Percent		
Western Europe	10,148	9,265	7,184	4,999	566	-17	-9	-22	-4	-10
European Community	9,465	8,650	6,664	4,733	539	-17	9	-23	-3	-9
Belgium-Luxembourg	811	836	470	272	26	-13	3	-44	-16	56
France	517	510	396	304	26	-22	-1	-22	5	-6
Germany, Fed. Rep.	1,454	1,260	900	754	91	-8	-13	-29	12	16
Italy	799	771	677	513	60	-23	-4	-12	-2	-16
Netherlands	2,821	2,227	1,927	1,465	192	-14	-21	-13	3	-14
United Kingdom	821	790	628	414	47	-13	-4	-21	-4	-16
Portugal	638	702	502	614	59	9	10	-28	0	22
Spain, incl. Canary Islands	1,199	1,232	826	266	27	-37	3	-33	-25	-28
Other Western Europe	682	614	521	226	22	-14	-10	-15	-37	-47
Switzerland	355	311	237	84	7	5	-12	-24	-53	-68
Eastern Europe	827	741	532	354	36	-10	-10	-28	-10	28
Germany Dem. Rep.	123	132	81	46	1	-46	7	-39	-40	-83
Poland	232	197	126	23	4	29	-15	-36	-73	-24
Yugoslavia	249	180	137	92	7	39	-28	-24	-11	-30
Romania	115	155	88	99	21	-21	35	-43	76	100
USSR	983	2,512	2,509	1,022	113	-58	156	0	-53	-59
Asia	13,588	15,209	11,934	6,655	843	-4	12	-22	-15	-10
West Asia (Mideast)	1,482	1,865	1,452	734	78	0	26	-22	-25	-22
Turkey	28	222	129	81	9	-74	693	-42	-29	86
Iraq	323	423	371	196	12	139	31	-12	-24	-40
Israel	293	351	300	151	20	-14	20	-15	-25	-35
Saudia Arabia	446	497	381	178	24	-6	11	-23	-26	-28
South Asia	1,170	867	600	319	37	64	-26	-31	-21	36
Bangladesh	153	157	205	49	8	25	3	31	-72	300
India	762	376	129	49	6	146	-51	-66	-45	-39
Pakistan	215	285	229	191	23	-2	33	-20	80	59
East & Southeast Asia	10,936	12,477	9,882	5,602	728	-8	14	-21	-13	-10
China	546	692	239	76	10	-70	27	-65	-55	64
Taiwan	1,237	1,409	1,342	723	89	6	14	-5	-21	-13
Japan	5,888	6,935	5,663	3,352	445	3	18	-18	-11	-3
Korea, Rep.	1,713	1,816	1,400	777	83	7	6	-23	-7	-55
Hong Kong	344	407	396	237	37	-15	18	-3	2	26
Indonesia	410	438	204	83	15	-5	7	-53	-36	-19
Philippines	380	300	285	170	27	19	-21	-5	15	-2
Africa	2,272	2,868	2,529	1,283	165	-7	26	-12	-20	-28
North Africa	1,452	1,542	1,208	887	104	4	6	-22	5	-12
Morocco	225	341	156	112	19	33	52	-54	9	39
Algeria	203	162	221	179	23	-8	-20	36	19	17
Egypt	911	882	766	582	62	1	-3	-13	7	-27
Sub-Sahara	821	1,327	1,320	396	61	-22	62	-1	-47	-45
Nigeria	332	345	367	85	17	-38	4	6	-66	-39
Rep. S. Africa	130	525	189	33	4	-2	304	-64	-79	39
Latin America & Caribbean	4,858	5,279	4,567	2,005	262	-2	9	-13	-32	-33
Brazil	400	438	557	237	6	-31	10	27	-46	-82
Caribbean Islands	774	827	771	426	63	1	7	-7	-7	-16
Central America	356	396	358	177	23	4	11	-10	-13	-40
Colombia	256	220	238	86	8	-6	-14	8	-39	-55
Mexico	1,777	1,966	1,566	669	115	19	11	-20	-39	-22
Peru	258	227	106	59	4	-17	-12	-53	-20	-7
Venezuela	617	778	721	231	29	-17	26	-7	-44	-53
Canada	1,870	1,936	1,727	844	123	0	4	-11	-18	-18
Oceania	224	216	204	113	12	-24	-4	-6	-23	-23
Total	34,769	38,027	31,187	17,275	2,120	-11	9	-18	-19	-20

*Fiscal years begin October 1 and end September 30. Fiscal year 1985 began Oct. 1, 1984 and ended Sept. 30, 1985.

Note: Adjusted for transshipments through Canada.

Information contact: Steve MacDonald (202) 786-1621.

Table 31.—Farm income statistics

	Calendar years										
	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985 p	1986 F
	Billion dollars										
1. Farm receipts	96.4	97.5	114.1	133.7	142.0	144.6	145.5	138.8	144.9	144 to 148	131 to 137
Crops (incl. net CCC loans)	49.0	48.6	53.0	62.3	71.8	72.9	72.7	66.8	69.1	73 to 75	60 to 64
Livestock	46.3	47.6	59.2	69.2	68.0	69.2	70.3	69.4	72.7	68 to 70	67 to 71
Farm related 1/	1.1	1.2	1.9	2.2	2.3	2.5	2.6	2.5	3.0	2 to 4	2 to 4
2. Direct Government payments	0.7	1.8	3.0	1.4	1.3	1.9	3.5	9.3	8.4	7 to 9	10 to 13
Cash payments	0.7	1.8	3.0	1.4	1.3	1.9	3.5	4.1	4.0	7 to 9	9 to 12
Value of PIK commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.2	4.5	0	0 to 3
3. Total gross farm income	102.9	108.8	128.4	150.7	149.6	166.0	161.6	150.6	174.0	163 to 166	152 to 156
4. Gross cash income (1+2) 2/	97.2	99.3	117.1	135.1	143.3	146.5	149.0	148.1	153.3	152 to 155	145 to 149
5. Nonmoney income 3/	7.3	8.4	9.2	10.5	12.2	13.7	14.0	13.1	12.9	11 to 13	10 to 12
6. Value of inventory change	-1.5	1.1	2.1	5.0	-5.9	5.8	-1.4	-10.6	7.8	-4 to -1	-6 to -2
7. Cash expenses 4/	67.8	72.0	82.6	98.1	106.1	110.7	110.7	109.8	114.1	109 to 111	101 to 105
8. Total expenses	82.7	88.9	101.0	119.0	129.4	136.1	136.9	135.6	139.5	133 to 135	124 to 128
9. Net cash income (4-7)	29.4	27.3	34.6	37.0	37.2	35.8	38.3	38.3	39.2	43 to 46	42 to 46
10. Net farm income (3-8)	20.2	19.9	27.4	31.7	20.2	29.8	24.6	15.0	34.5	29 to 32	26 to 30
Deflated (1982$)	32.0	29.5	38.0	40.3	23.5	31.7	24.6	14.4	31.9	26 to 29	23 to 26
11. Off-farm income	26.7	26.1	29.7	33.8	35.1	36.9	37.9	38.8	40.0	40 to 42	40 to 44
12. Loan changes 5/: Real estate	5.2	7.6	7.6	13.0	9.4	9.3	4.0	2.5	-0.8	-5 to -4	-5 to -1
13. 5/: Nonreal estate	6.0	6.8	8.3	10.9	5.9	6.2	3.3	1.0	-0.7	-4 to -3	-3 to 1
14. Rental income plus monetary change	4.0	4.1	4.7	5.7	5.8	6.0	6.0	4.9	5.7	4 to 6	3 to 6
15. Capital expenditures 5/	14.0	15.0	17.9	19.9	18.0	16.8	13.7	13.0	12.5	11 to 13	9 to 13
16. Net cash flow (9+12+13+14-15)	30.6	30.8	37.2	46.7	40.4	40.6	37.9	33.6	31.0	29 to 32	31 to 35

p=preliminary. F=forecast. 1/ Income from machine hire, custom work, sales of forest products, and other misc. cash sources. 2/ Numbers in parentheses indicate the combination of items required to calculate a given item. 3/ Value of home consumption of self-produced food and imputed gross rental value of farm dwellings. 4/ Excludes capital consumption, perquisites to hired labor, and farm household expenses. 5/ Excludes farm households.

Information contact: Gary Lucier (202) 786-1807.

Table 32.—Cash receipts from farming

	Annual						1985			1986		
	1980	1981	1982	1983	1984	1985 p	Mar	Nov	Dec	Jan	Feb	Mar
	$ Mil.											
Farm marketings and CCC loans 1/	139,757	142,089	142,938	136,260	141,855	143,552	10,603	17,349	14,439	12,361	9,113	9,243
Livestock and products	67,990	69,151	70,268	69,444	72,740	69,622	5,817	6,489	5,611	5,308	5,005	5,564
Meat animals	41,231	39,748	40,917	38,894	40,758	39,141	3,210	3,703	3,051	2,890	2,819	2,958
Dairy products	16,564	18,095	18,232	18,759	17,929	17,916	1,615	1,424	1,484	1,457	1,306	1,446
Poultry and eggs	9,161	9,951	9,556	10,026	12,189	10,755	870	1,088	979	881	774	855
Other	1,233	1,357	1,560	1,768	1,866	1,811	123	273	117	140	105	124
Crops	71,768	72,937	72,670	66,816	69,094	73,909	4,785	10,860	8,829	7,053	4,108	3,679
Food grains	10,402	11,620	11,469	9,733	9,741	10,078	369	515	359	582	349	242
Feed crops	18,306	17,774	17,232	16,190	16,450	21,659	1,402	3,716	3,581	2,998	1,244	1,176
Cotton (lint and seed)	4,476	4,551	4,932	3,316	3,565	4,225	190	932	827	788	251	62
Tobacco	2,671	3,250	3,542	2,831	2,841	2,670	50	187	543	183	85	0
Oil-bearing crops	15,491	13,853	13,813	13,504	13,666	13,098	875	5,040	1,572	1,127	529	728
Vegetables and melons	7,299	8,773	8,113	8,106	8,910	8,268	747	414	365	635	494	713
Fruits and tree nuts	6,557	6,574	6,806	6,026	6,265	6,045	402	843	617	176	595	194
Other	6,558	6,544	6,967	7,109	7,863	7,864	770	1,213	965	563	560	765
Government payments	1,286	1,932	3,492	9,295	8,430	7,687	1,452	101	-3	932	29	654
Total	141,043	144,021	146,430	145,555	150,265	151,219	12,055	17,450	14,436	13,293	9,142	9,877

1/ Receipts from loans represent value of commodities placed under CCC loans minus value of redemptions during the month. p = preliminary.

Information contact: Roger Strickland (202) 786-1804.

Table 33.—Cash receipts from farm marketings, by States

State	Livestock and Products				Crops 1/				Total 1/			
	1984	1985	Feb 1986	Mar 1986	1984	1985	Feb 1986	Mar 1986	1984	1985	Feb 1986	Mar 1986
	$ Mil. 2/											
North Atlantic	238	190	20	22	145	101	10	10	383	292	30	33
Maine	63	57	6	7	26	24	3	3	89	81	9	10
New Hampshire	305	279	28	30	18	16	1	2	323	295	29	32
Vermont	109	99	10	11	178	148	8	11	287	247	18	22
Massachusetts	12	10	1	1	39	36	2	4	50	46	3	5
Rhode Island	181	149	16	18	120	114	5	7	300	263	21	25
Connecticut	1,591	1,387	139	151	645	511	37	47	2,236	1,898	176	197
New York	112	101	11	12	313	286	16	22	425	387	27	34
New Jersey	1,879	1,608	156	172	734	675	73	85	2,613	2,283	229	258
North Central	1,348	1,084	108	119	1,444	1,318	117	150	2,792	2,402	225	269
Ohio	1,456	1,163	119	120	1,608	1,193	137	140	3,064	2,357	256	260
Indiana	1,804	1,649	144	148	3,654	3,350	271	385	5,458	4,999	415	533
Illinois	1,078	922	90	89	1,066	1,022	84	102	2,144	1,944	174	191
Michigan	3,409	3,031	284	312	794	582	44	43	4,203	3,612	329	355
Wisconsin	2,716	2,392	219	235	2,074	1,739	139	135	4,790	4,131	359	370
Minnesota	4,136	3,399	292	268	3,223	2,430	307	253	7,359	5,829	599	521
Iowa	1,787	1,530	162	170	1,156	733	94	104	2,943	2,263	256	274
Missouri	551	501	65	54	1,362	1,278	104	92	1,914	1,779	169	145
North Dakota	1,477	1,328	158	144	845	781	54	59	2,322	2,109	212	203
South Dakota	3,811	3,459	274	338	1,809	1,363	213	218	5,620	4,822	487	556
Nebraska	3,058	2,776	283	295	1,933	1,681	105	80	4,991	4,457	388	375
Kansas												
Southern	331	268	26	31	112	72	5	4	444	340	31	35
Delaware	688	582	59	64	279	213	12	11	967	794	71	74
Maryland	930	790	70	73	535	344	21	20	1,465	1,133	91	92
Virginia	151	130	12	15	29	31	4	3	180	161	16	18
West Virginia	1,588	1,321	128	136	1,841	1,174	36	40	3,429	2,495	164	176
North Carolina	356	280	29	32	549	400	18	17	904	680	47	49
South Carolina	1,583	1,228	125	141	1,401	977	36	51	2,985	2,205	161	193
Georgia	921	781	82	87	2,780	2,519	279	292	3,701	3,100	361	380
Florida	1,239	962	65	75	569	797	99	43	1,808	1,760	164	118
Kentucky	821	750	76	84	547	571	33	23	1,368	1,321	109	107
Tennessee	1,203	965	101	108	544	358	27	21	1,747	1,324	127	129
Alabama	887	764	72	78	537	530	41	30	1,425	1,294	113	107
Mississippi	1,601	1,305	133	143	889	737	34	41	2,490	2,042	167	185
Arkansas	407	362	32	36	618	438	68	53	1,025	801	100	89
Louisiana	1,477	1,380	111	122	629	731	38	34	2,106	2,111	149	155
Oklahoma	4,977	4,158	390	461	2,775	2,752	262	150	7,753	6,909	652	610
Texas												
Western	566	476	66	52	530	352	16	20	1,096	828	83	72
Montana	740	658	71	77	1,044	737	47	55	1,784	1,395	117	132
Idaho	361	273	36	37	65	55	5	5	426	328	41	42
Wyoming	1,797	1,427	195	205	886	888	57	43	2,683	2,314	252	248
Colorado	510	475	48	57	244	256	12	16	754	730	60	73
New Mexico	656	524	46	52	520	485	45	119	1,176	1,009	91	172
Arizona	364	307	27	32	111	99	10	8	475	406	37	40
Utah	150	131	15	14	63	56	11	9	213	186	26	23
Nevada	857	735	68	76	1,589	1,179	124	106	2,446	1,914	192	182
Washington	508	454	39	43	964	714	62	54	1,472	1,168	101	97
Oregon	3,748	3,174	288	311	7,355	6,118	850	622	11,103	9,292	1,139	933
California	6	5	1	1	12	10	1	1	18	15	2	2
Alaska	73	65	7	7	440	371	31	35	513	436	38	42
Hawaii	60,617	51,845	5,005	5,364	51,645	43,143	4,108	3,879	112,262	94,988	9,113	9,243
United States												

1/ Sales of farm products include receipts from commodities placed under CCC loans minus value of redemptions during the period.
2/ Estimates as of the end of current month. Rounded data may not add.

Information contact: Roger Strickland (202) 786-1804.

Transportation

Table 34.—Rail rates: grain and fruit-vegetable shipments

	Annual			1985			1986			
	1983	1984	1985	Apr	Nov	Dec	Jan	Feb	Mar	Apr
Rail freight rate index 1/ (Dec 1984 = 100)										
All products	95.0	99.3	100.0	100.0	100.0	98.8	100.9 p	101.0 p	101.0 p	100.9 p
Farm products	94.0	98.7	99.0	99.5	98.9	98.8	99.6 p	99.6 p	99.6 p	99.7 p
Grain	94.0	98.6	98.3	99.3	98.0	98.0	98.9 p	98.9 p	98.9 p	99.0 p
Food products	94.8	99.1	100.1	100.0	100.1	100.1	101.1 p	101.1 p	100.7 p	100.7 p
Grain										
Rail carloadings (thou. cars) 2/	26.1	27.2	22.5	20.1	29.5	23.4	25.0	22.7	20.7	18.0
Fresh fruit & vegetable shipments										
Piggy back (thou. cwt.) 3/ 4/	545	570	599	644	452	506	590	534	604	668
Rail (thou. cwt.) 3/ 4/	786	640	513	444	461	590	579	566	489	447
Truck (thou. cwt.) 3/ 4/	7,923	8,006	8,111	8,708	7,706	7,858	7,665	7,596	8,160	9,143
Cost of operating trucks hauling produce 5/										
Owner operator (cts./mile)	114.2	115.5	116.1	115.0	118.8	119.0	118.4	115.4	113.0	112.7
Fleet operation (cts./mile)	112.7	115.3	116.7	114.4	119.4	119.9	118.9	116.5	113.4	113.3

1/ Department of Labor, Bureau of Labor Statistics, revised March 1985. 2/ Weekly average; from Association of American Railroads. 3/ Weekly average; from Agricultural Marketing Service, USDA. 4/ Preliminary data for 1985 and 1986. 5/ Office of Transportation, USDA. p = preliminary.

Information contact: T.Q. Hutchinson (202) 786-1864.

Indicators of Farm Productivity

Table 35.—Indexes of farm production, input use, and productivity

(See the April 1986 issue.)

Information contact: Charles Cobb (202) 786-1803.

Food Supply and Use

Table 36.—Supply and use of fertilizer

(See the June 1986 issue, page 23.)

Information contact: Paul Andrilenas (202) 786-1456.

Table 37.—Per capita food consumption indexes (1967 = 100)

(See the Nov. 1985 issue.)

Information contact: Karen Bunch (202) 786-1870.

Table 38.—Per capita consumption of major food commodities (retail weight)

(See the Oct. 1985 issue.)

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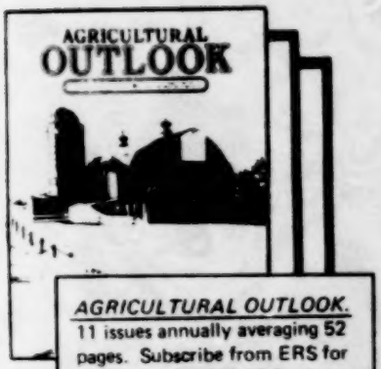

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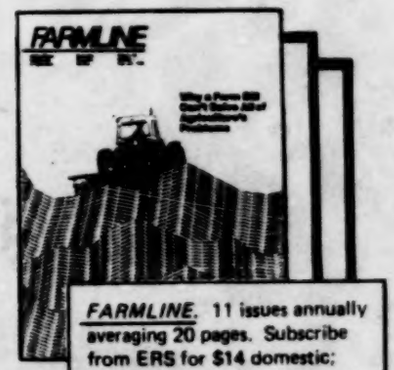

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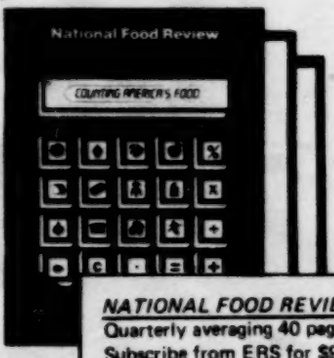

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